



# occupied Palestinian territory

## Food Security and Vulnerability Analysis Report

December 2009

(A SYNTHESIS OF RECENT SURVEYS AND STUDIES)

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## Acronyms and Abbreviations

ACF	Action Contre la Faim
AMA	Agreement on Movement and Access
CAP	Consolidated Appeal Process
CFSVA	Comprehensive Food Security and Vulnerability Analysis
CHF	Community Habit Finance International
CPI	Consumer Price Index
CRS	Catholic Relief Services
DEEP	Deprived Families Economic Empowerment Programme
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
EMOP	Emergency Operation
FCPI	Food Consumer Price Index
GDP	Gross Domestic Product
GoI	Government of Israel
GNI	Gross National Income
HH	Household
ICRC	International Committee of the Red Cross
IDF	Israel Defence Forces
ILO	International Labour Organization
IMF	International Monetary Fund
Kg	Kilogram
MoSA	Ministry of Social Affairs
NGO	Non Governmental Organization
NIS	New Israeli Shekel
OCHA	Office for Coordination of Humanitarian Affairs
oPt	occupied Palestinian territory
PCBS	Palestinian Central Bureau of Statistics
PECS	Palestinian Expenditure and Consumption Survey
PEGASE	Palestinian-Europe Gestion de l'Aide Socio-Economique
PLO	Palestinian Liberation Organisation
PNA	Palestinian National Authority
PRDP	Palestinian Reform and Development Plan
PRRO	Protracted Relief and Rehabilitation Operation
SEFSec	Socio-Economic and Food Security Survey Report
TIM	Temporary International Mechanism
TPI	Transport Price Index
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations Children's Fund
USD	United States Dollar
WFP	World Food Programme
WHO	World Health Organization

## Forward

The World Food Programme (WFP) and the Food Agricultural Organization of the United Nations (FAO) have been working jointly since 2003 to improve the availability and detail of information relating to food security and possible responses in the occupied Palestinian territory (oPt). Such efforts to establish a Socio-Economic and Food Security (SEFSec) monitoring system include capacity development with the Palestinian Central Bureau of Statistics (PCBS).

The present Food Security and Vulnerability Analysis Report in the oPt summarizes the information generated since 2003 on household food security and food trade and is also a direct outcome of the Food Security Response Options Analysis workshop held on 2 November 2009 in Ramallah, gathering 37 participants from 12 agencies and the Palestinian National Authority (PNA). The main purpose of the workshop was to build a common understanding among food security stakeholders on how their respective interventions can best address the main identified food security problems in the oPt.

Discussions held during the workshop confirmed that the population of the West Bank and the Gaza Strip mainly suffer from a protracted lack of economic access to basic necessities including food, and that aid efforts therefore have to tackle both needs for relief and the strengthening of livelihoods. The Gaza Strip and the West Bank continue to present dissimilar constraints and livelihood opportunities, which must be addressed through context-specific interventions.

The present conditions in the West Bank should lead gradually to a nationally-owned social protection system, including safety nets and interventions to reduce household vulnerability and livelihood resilience. However, this goal might be held back because of the lack of fiscal sovereignty and the subsequent need for donor budget support to the PNA. Current availability of food on the market could be hampered given the volatility of the peace process and the high dependency on the Israeli market. Any sustained growth prospect in the West Bank is directly linked to the lifting of the Israeli restrictions. In the Gaza Strip food aid remains relevant, due to the difficulties faced when trying to import inputs necessary for economic recovery. Nevertheless, all opportunities to support livelihoods through other types of assistance in the Gaza Strip should also be grasped, in order to avoid a continuous swing towards aid dependence.

Finally, the report presents recommendations and strategic directions for food security interventions in the oPt and builds on the outcome of the workshop, which for a large part confirmed the relevance and appropriateness of interventions already implemented by agencies and the PNA involved in food security matters in the West Bank or the Gaza Strip. The validity of newer channels of assistance such as cash or vouchers was confirmed, encouraging agencies to consider them for their future programming decisions.

It is hoped that this report, along with the Socio-Economic and Food Security Survey (SEFSec) Reports, as well as the FAO/WFP joint Working Paper Series – focusing on specific issues such as household and governorate food security profiling – will foster the planning of evidence-based interventions addressing short- and longer-term goals, as well as seizing partnership opportunities among food security stakeholder in the oPt.

We would like to express our sincere thanks to WFP and FAO donors for their continuous support in strengthening food security analysis in the oPt, and would call for further capacity development of Palestinian counterparts to institutionalize the socio-economic and food security monitoring process.

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# Executive Summary

## Overview

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The occupied Palestinian territory (oPt) includes the West Bank and the Gaza Strip, with a population of 2.38 million and 1.42 million people respectively<sup>1</sup>. About half of the population are refugees.

The Israeli-Palestinian conflict has been marked by periods of different intensities. Following the second Intifada (upsurge) initiated in 2000, the Israeli government has launched the construction of a Barrier around the West Bank and tightened the movement of Palestinians in and out the territory. Since the Hamas victory in the January 2006 elections, donors have focused on humanitarian assistance and budgetary support, which cover approximately 1/3 of the Palestinian National Authority budget. The Gaza Strip has been under a blockade since the Hamas Party took control in June 2007, with extremely severe restrictions on the entry of goods and virtual halt of exportations and movements of Gazan people in and out of the territory. Operation Cast Lead launched by the Israeli Defence Forces (IDF) against the Gaza Strip in December 2008/January 2009 marked the last outbreak of fighting and caused a large number of deaths and wounded as well as widespread destruction of housing and infrastructure. Violence in Gaza has not fully subsided despite the unilateral ceasefire declared by Israel on 18th January 2009.

Economic growth in the oPt has markedly decreased due to the conflict, through the following: controls imposed by Israel on the entry and exit of goods, services and people; impediments to construction and infrastructure investment in the oPt; the expansion of Israeli settlements and associated violence; and the direct destruction of houses, crops, animals, water and sanitation infrastructure by the IDF. In 2008, GDP per capita was just above US\$1,000 per capita compared to US\$1,610 in 1999. Early 2009, about 21% of West Bank households and 42% of Gaza households were unemployed. While the economy in the West Bank showed slight signs of recovery, it may simply reflect additional resources received in response to the last war episode in Gaza and thus not be sustained.

Repeated drought in the past few years - including 2009 - and limitations of access to cultivation and grazing lands, irrigation and inputs have also contributed to decrease local food production and affected agricultural livelihoods. The country is also prone to other disasters including industrial pollution and earthquake. Food and fuel prices have decreased compared to 2008 but remain at a higher level than their past 5-year average. In the absence of positive signs towards a resumption of negotiations between Israelis and Palestinians, the already severe food insecurity and vulnerability situation in the oPt is not expected to improve in the coming few years.

**How was the review done?** The proportion and characteristics of food insecure households were derived from two comprehensive large-scale Socio-Economic and Food Security (SEFSec) household surveys conducted by the Palestinian Central Bureau of Statistics with support from WFP, FAO and other agencies in the West Bank (covering the 2<sup>nd</sup> semester of 2008) and the Gaza Strip (covering the 2<sup>nd</sup> trimester of 2009 and the effects of the conflict end 2008). A market study and an extensive review of recent literature on livelihoods, the economy and services in the oPt complemented the household data.

## How many people are food insecure in the oPt?<sup>2</sup>

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Based on an economic criteria close to estimating households' purchasing power for food and essential non-food expenses, it is estimated that almost 1.6 million persons are food insecure in

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<sup>1</sup> PCBS Census 2007

<sup>2</sup> Indicators used to define food insecurity combined income and/or consumption levels (US\$/capita) and trends in food and non-food expenditures (decrease versus no change).



the oPt, i.e. 38% of the population. These include 625,200 food insecure persons in the West Bank (25 %) and 973,600 in the Gaza Strip (61%). In addition, 269,300 persons in the West Bank (11%) and 218,950 persons in the Gaza Strip (16%) are vulnerable to food insecurity. While 35% of West Bank households can be considered food secure, only 17% are food secure in the Gaza Strip.

Food insecure households are characterized by their low levels of income and/or consumption compared to the cost of a minimum food basket and other essential expenditures (housing, health, education, transportation) and their food and non-food expenditures have decreased compared to the year before.

The food security situation in the West Bank has remained pretty stable since 2003, although the situation of various livelihood groups has showed a different pattern according to changes in the conflict and economic situation. Food security has markedly worsened in the Gaza Strip since the blockade started in 2007 and further more immediately after the Israeli military offensive at the end of 2008. Increased humanitarian assistance has only been able to prevent the trend from worsening.

Acute malnutrition rates amongst under-5 children are low but chronic malnutrition has risen over the past few years, reaching 10.2% in 2006 (compared to 7.5% in 2000). Micronutrient deficiencies (anaemia, vitamin A and iodine deficiencies) among children and women have reached levels indicative of a severe public health situation. All nutritional status parameters are worse in the Gaza Strip than in the West Bank.

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### **Who are the food insecure people?**

In both the West Bank and the Gaza Strip, rural households, female-headed households, households with a large number of female and child members and families with a high number of dependents are more likely to be food insecure than households without these characteristics. Food insecure households also rely more on casual work and low-paid, unskilled labour as their main source of income, compared to food secure households.

In the West Bank, food insecurity and vulnerability to food insecurity is also higher among refugee households, as well as in households whose head has a low level of education attainment, is unemployed, or relies on irregular wage labour, low-paid jobs or social benefits for its income. In the Gaza Strip, food insecurity affects a wider range of households but is also closely linked to unemployment of the head of household or reliance on low-paid activities.

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### **Where are the food insecure people?**

Food insecurity levels are worse in the Gaza Strip than in the West Bank.

The Hebron governorate in the West Bank presents the highest proportions of food insecure households (31%), most likely as a result of the proximity of Israeli settlements, more severe mobility restrictions and drought conditions. Food insecurity was also slightly more prevalent among households located in the Buffer/Seam Zone (between the green line and the West Bank Barrier) compared to other locations in the West Bank (28%).

In the Gaza Strip, Rafah, Gaza and Khan Younis governorates show the highest prevalence of food insecurity (between 62%-66%), most likely because factories and outlets of the large manufacturing and construction sectors most hardly hit by the import restrictions were located in these areas. The Israeli offensive also caused large damage in Rafah.

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### **Why are Palestinian people food insecure?**

Food availability per se is not the most critical issue presently in the oPt, even though in the Gaza Strip the variety of food available on the markets is limited by the blockade. Food is generally

supplied in sufficient quantities and acceptable variety in local markets, essentially from imports. Yet, current availability of food on the market could be hampered given the volatility of the peace process and the high dependency on the Israeli market. Local food production would be larger should land, water and other inputs be more accessible. As own food production is very limited, households' economic access to food available on local markets is in the present condition the main issue.

Households dedicate at least half of their total expenditures to food, making them highly sensitive to variations of food prices and income levels. Economic access is constrained by a combination of: (i) artificially high food prices due to inflated transportation costs and dependence on Israeli imported goods, and (ii) low purchasing power due to the lack of well-paid jobs, business and investment opportunities. Restrictions on the mobility of goods and people within and outside the oPt imposed by the Israeli authorities are the main cause of high prices and low incomes. Rapid demographic growth at approximately 3% annual growth - with the Palestinian population projected to double in approximately 20 years - as well as exposure to natural disasters such as drought and floods (possibly reflecting longer-term climate change) compound these difficulties and call for immediate coordinated action.

Nutritional status and food utilization are also endangered by the low availability of qualified health services, limited access to safe water sources and sanitation facilities (especially in rural areas) and consumption of a poorly diversified diet due to economic difficulties to purchase food rich in micronutrients and good quality proteins.

After years of conflict, food insecurity affects population groups according to their livelihoods and the combined effects of violence, natural disasters and economic shocks, rather than because of their refugee/non-refugee status. Most of the food insecure households in the oPt are by now chronically food insecure, but the severity of food insecurity deepens whenever the conflict situation worsens or additional shocks (natural, economic) occur.

The resilience of Palestinian households to the continuous degradation of their food security situation, particularly in the Gaza Strip, can be attributed to a significant extent to the efficacy of their coping mechanisms. Support from relatives within or outside the oPt (credit through traders between the West Bank and the Gaza Strip, remittances) and local charities, is essential in this regard. The vast majority of households also resort to changes in their food consumption patterns (quantities, quality) in order to decrease food expenditures. In the Gaza Strip, food insecure households were unable to further reduce the amount of food purchased, and only quality could be further decreased.

However, most of the coping strategies, even if they are reversible (e.g. switching to less preferred but cheaper food, decreasing the amount of food consumed, foregoing health or education expenditures, and purchasing food on credit) can have a permanent cost on lives and livelihoods, through poorer health and nutritional status, excessive indebtedness and loss of future opportunities for higher skills and better paid jobs. Low-cost strategies such as suspension of payment of utilities and use of life savings have been exhausted for most households.

As such, humanitarian assistance is a crucial complement to households' own coping mechanisms. One third of West Bank households had received assistance in the 2<sup>nd</sup> semester of 2008, of which about half benefited from food parcels and more than one third got cash. Accounting for the worse food security situation in the Gaza Strip, 71% of households received assistance there, mostly with food. UNRWA and WFP are the main providers of food aid to refugees and non-refugees respectively. Both agencies also implement food voucher<sup>3</sup>, cash transfer and food- or cash-for-work programmes, while other UN agencies such as FAO, UNDP and UNICEF, and NGOs support livelihoods interventions through inputs distributions, training, infrastructure repairs and job creation.

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<sup>3</sup> UNRWA vouchers are used as part of the distribution process. The vouchers are exchanged for food parcels at distribution centres, not at shops as in the WFP urban voucher programme.

## Recommended response options

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Food insecure households are unable to secure sufficient income to meet their essential food and non-food requirements due to the lack of income-earning possibilities as a result of Israel's restrictions to movement of goods and people, and artificially inflated food and transport costs. The high food and fuel prices internationally and the last war with Israel in the Gaza Strip have compounded this situation. Local food production is limited due to poor access to land, water and inputs, and vulnerability to climate change. The growth of children and the health status of vulnerable household members are compromised by the degradation of health, water and sanitation services.

While humanitarian food and non-food assistance in the oPt is essential to prevent further degradation of food security and malnutrition levels, it is insufficient to lift households out of food insecurity. Resumption of peace talks with Israel and suspension of the various restrictions are the only ways to address the basic causes of food insecurity. Meanwhile, increased emphasis should be given to interventions that take into account both protection issues and livelihood support, with the view not only to prevent food insecurity to worsen but also to avoid that vulnerable households become food insecure.

A number of interventions to increase local food availability, improve households' economic access and strengthen food utilization and nutritional status are already ongoing and would deserve being expanded, while a few others could be initiated. Possible response options combine humanitarian relief and longer-term livelihoods support and include:

**a) Enhancing local food production** through:

- local procurement, including 'poor farmers-to-poor households' interventions;
- processing and marketing support;
- distributions or vouchers for crop and animal production inputs; and
- land reclamation, rehabilitation and expansion of irrigation and other agricultural equipment.

**b) Supporting households' income** through:

- social assistance through conditional (against work) or unconditional (for those unable to work) transfers of cash, food - and non-food vouchers - where supplies and prices on markets are reasonably stable, such as in the West Bank and with careful monitoring in the Gaza Strip – as well as in-kind food distributions, alone or in combination;
- job creation through support to income-generating activities; and
- micro-credit.

**c) Protecting and improving nutritional status** through:

- encouraging the production (including home gardens), processing, marketing and consumption of micro-nutrient-rich food (vegetables, fruits, animal products), using some of the interventions listed above as well as communication efforts and direct provision of micronutrients to selected groups (e.g. at school and through health centres);
- micronutrient supplementation policy implementation;
- better diet of school children through school feeding;
- restoring safe sources of water and supporting access to safe water (tanks, cisterns etc.) to avoid infectious diseases and concomitant losses of nutrients;
- developing and enforcing a food safety policy and mechanisms to ensure food safety.

Targeting criteria for the various programmes depend on the objectives and intervention modalities. They would best combine geographic (e.g. prevalence of food insecurity), socio-economic (e.g. household size, gender of head of household, level of income, ownership of certain types of assets etc.), physiologic (e.g. age, nutritional status etc.) criteria, as well as self-targeting mechanisms when feasible (e.g. transfers against work).

Monitoring of changes in the food security situation, attached to decision-making on interventions, is essential through periodic household surveys, ad hoc rapid assessments, market

monitoring and project monitoring and evaluation mechanisms. A proper coordination mechanism should be established to formulate and implement long term food security policy.

## **Introduction**

This review of the food security and vulnerability situation in the oPt is updating the last Comprehensive Food Security and Vulnerability Analysis (CFSVA) conducted in 2006. It provides a synthesis of recent food security, livelihoods and market studies conducted in the West Bank and the Gaza Strip, and captures the latest effects of the Israeli-Palestinian conflict, food and fuel price crisis and global financial crisis on the political and economic context and on the population's livelihoods and food security. It identifies groups of the population who are food insecure or at risk of worsening of their food security situation, their location and characteristics, and the priority interventions required to alleviate their difficulties in the short- and medium-term. As such, this review should inform the formulation of WFP's next Protracted Relief and Recovery Operation 2010-2012 as well as FAO's emergency and livelihood support projects, and be of potential use for other agencies engaged in protection and assistance in the oPt.

The food security and livelihood analysis of this review draws from a series of general documents on the political, economic and social situation in the oPt (see bibliography) and from the following recent food security and market studies and assessments:

- Socio-Economic and Food Security Assessment in the West Bank: conducted by the Palestinian Central Bureau of Statistics (PCBS) early 2009 with support from FAO and WFP; the survey covered 4,791 randomly selected households and reflects the situation of West Bank households during the 2<sup>nd</sup> half of 2008;
- Socio-Economic and Food Security Assessment in the Gaza Strip: also conducted by PCBS with FAO and WFP support, mid-2009; the survey covered 7,536 randomly selected households and reflects the situation of Gaza Strip households during the 2<sup>nd</sup> trimester of 2009, i.e. the aftermath of the conflict with Israel<sup>4</sup>;
- Market survey to assess the Impact of Closure and High Food Prices on the Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt, conducted by Al Sahel Company in the autumn 2009 for WFP.

**Section I** of this report describes the historic, political and macro-economic context which strongly influences the current and future livelihoods and food security of the Palestinians. **Section II** presents estimates of the prevalence of food insecurity in the oPt, main population groups affected and their location. **Section III** investigates the underlying and basic causes of food insecurity in order to identify entry points for interventions. Future shocks, risks and opportunities that may change the food security situation of the population in the short-, medium- and longer term are explored in **Section IV**. **Section V** reviews the nature of past and current assistance trends in the oPt and how the political context and characteristics of food insecurity determine the type of interventions that can be delivered. **Section VI** concludes with recommendations for interventions in the next 2-3 years.

## **I - Historical, political and macro-economic context**

The oPt include the West Bank and the Gaza Strip. The West Bank covers about 5,655 km<sup>2</sup> and consists of a central mountain chain with deep valleys rich in natural resources. It has a population of 2.38 million inhabitants irregularly distributed across 11 governorates<sup>5</sup>. The Gaza Strip is a narrow band of 365 km<sup>2</sup> along the sea. It hosts about 1.42 million people in 5 governorates<sup>6</sup>, making it one of the most densely populated areas in the world (some 4,000 inhabitants/km<sup>2</sup>)<sup>7</sup>.

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<sup>4</sup> Operation Cast Lead of the Israeli Defence Forces, from 27 December 2008 to 18 January 2009.

<sup>5</sup> West Bank governorates: Jenin, Tubas, Tulkarem, Nablus, Qalqiliya, Salfit, Ramallah & Al-Bireh, Jericho & Al Aghwar, Jerusalem, Bethlehem, and Hebron.

<sup>6</sup> Gaza governorates: North Gaza, Gaza, Dier al Balah, Khan Younis, and Rafah.

<sup>7</sup> Palestinian Central Bureau of Statistics Census 2007

While the oPt is small in terms of area and population and do not contain resources of crucial importance to the world's economy, the Israeli-Palestinian conflict brings about immense international interest in the media, politics and diplomacy, in part related to their proximity to oil reserves in other countries of the Middle East<sup>8</sup>. Indeed, much more than the geographical and agro-ecological characteristics of the oPt, it is the specificities of the historical and political context that set the parameters of the current economic, social and food security situation of the population.

## **1.1 - Historical context**

The Israeli-Palestinian conflict has been marked by different periods of intensities over the last decades. The Oslo process (1994-2000) brought some peace in the region. It provided for the creation of the Palestinian National Authority (PNA) and established a framework for the creation of a separate Palestinian state. However, the agreements did not fully materialize and conflicts between Israelis and Palestinians continue to date. The situation has evolved differently in the West Bank and Gaza Strip and must be examined separately.

### **1.1.1 - West Bank**

The Israeli-Palestinian Interim Agreement signed in 1995 divided the West Bank into 3 areas:

- Area A: under the full control of the PNA, comprising all major population centres;
- Area B: under Palestinian civil control and Israeli security control, encompassing most rural villages; and
- Area C: approximately 60% of the West Bank, under complete Israeli control for both security and civil administration, sparsely populated and consisting of most of the agricultural land in the West Bank.

Israel controls movement into and out of each of the 3 areas. A system of checkpoints, road closures, the West Bank Barrier (see below) and personal exit permit requirements for access, constrain movement of people and goods within and out of the West Bank and dramatically limits West Bank/Gaza Strip trade and population movement.

Despite the agreement, political disputes continued and culminated into a second Intifada which broke out in 2000. Violence between Palestinians and Israelis increased as well as restrictions on movement and access. In response, Israel built a 'Wall of Separation' (so-called 'Barrier') around about 10% of the West Bank, which enabled further control of movements of people and goods across the border, and caused loss of access to land, water, employment and services (see Box 1). The Government of Israel justifies the closure policy as a necessary security measure to protect Israeli citizens in Israel and in the Israeli settlements in the West Bank. However, the West Bank Barrier was judged illegal by the International Court of Justice.

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<sup>8</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

#### **Box 1 – Main effects of the Barrier in the West Bank**

The construction of the West Bank Barrier started in 2002. Five years on, almost 60% of the 709-km long Barrier is complete, a further 10% is under construction and 31% is planned. When completed, the majority of the route will run inside the West Bank and East Jerusalem rather than along the 1949 Armistice Line (Green Line). The total area located between the Barrier and the Green Line amounts to about 10% of the West Bank, including East Jerusalem and No Man's Land

The continuing construction of the Barrier inside the West Bank, including East Jerusalem, is not only contrary to the International Court of Justice advisory opinion, but is also responsible for the humanitarian impact on the Palestinian cities, towns and villages.

In the northern West Bank, Palestinians residing in the military closed area ('Seam Zone') between the Barrier and the Green Line require permanent resident permits to continue to live in their own homes. They face restricted access to health and to education services, and are cut off from family and social networks which are generally located on the 'Palestinian' side of the Barrier. Approximately 35,000 West Bank Palestinians will reside between the Barrier and the Green Line once construction is complete, in addition to the majority of the Palestinian residents of East Jerusalem.

The intrusive Barrier route also affects a far larger number of Palestinians, especially farmers, whose land and water resources are located between the Barrier and the Green Line. Since October 2003, Palestinians in the northern West Bank require visitor permits to reach and cultivate their land in the closed area. Restricted access has severely curtailed agricultural practice and undermined rural livelihoods.

In January 2009, the 'closed area' designation was extended to the Ramallah, Hebron and parts of Salfit, Bethlehem and Jerusalem governorates (central and southern West Bank).

*OCHA, July 2009 – Five Years After the International Court of Justice Advisory Opinion. A Summary of the Humanitarian Impact of the Barrier.*

#### **1.1.2 – Gaza Strip**

The Israeli-Palestinian Interim Agreement of 1995 provided for the transfer of the administration of the Gaza Strip from Israel to the PNA. The PNA became responsible for public order and internal security, while Israel retained control on movement in and out of the Gaza Strip and its sea and airspace.

In 2004, the Israeli government approved a unilateral plan to withdraw from Gaza. The process was completed by September 2005, with the evacuation of Israeli settlers and the removal of military installations and ground troops. Although an informal ceasefire was announced, hopes of reconciliation were quickly dashed following the Islamic Resistance Movement's (Hamas) victory in Palestinian parliamentary elections in January 2006. Both Israel and the Middle East Quartet (the US, the EU, Russia and the UN) imposed an economic embargo on Hamas.

Furthermore, Israel enforced an unprecedented blockade on all border crossings in and out of the Gaza Strip following the Hamas takeover in June 2007. The blockade includes closure of the main commercial crossing (Karni), sweeping restrictions on the import of industrial, agricultural and construction materials, the suspension of all exports, a reduction in the amounts of industrial fuel (used to operate Gaza's sole power plant) and other fuel and cooking gas allowed entry, a general ban on the movement of Palestinians through the only passenger crossing to the West Bank (Erez) except for small numbers of "humanitarian cases", the closure of the Rafah Crossing to Egypt except for intermittent openings, and a significant reduction in fishing areas and farming land accessible to Palestinians. The blockade has a devastating impact on the economy of Gaza and livelihoods of the population (see Section 3.2)<sup>9</sup>.

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<sup>9</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of Two Years of Blockade on the Gaza Strip.

## 1.2 - Palestinian political context

The Palestinian National Authority (PNA) was created as a result of the Oslo process in 1994. It presents specific characteristics that differ from a typical government: it is not sovereign, it does not have its own currency, and it is not able to fund its operation with local tax collection. Being placed under strict financial supervision and having very few local sources of income, the PNA does not have the financial clout to determine local economic policy<sup>10</sup>. In fact, the PNA's stated agenda and priorities are in line with the stated goals of the donors and development agencies.

In January 2006, the Palestinians held an election in which the Hamas Party defeated the ruling Fatah Party, winning control of the Legislative Council. The economic, political and military pressure applied by Israel and international governments on the PNA after the Hamas victory caused a rift in the Palestinian leadership, which led to the formation of two governments in June 2007: one supported by the Fatah Party (headed by Prime Minister Salam Fayyad) in the West Bank, and the other by the Hamas Party (headed by Prime Minister Ismail Haniyeh) in the Gaza Strip.

## 1.3 - Conflict and violence context

Periods of armed conflict with Israel took place during the first Intifada (1987-1992), the second Intifada from September 2000 to 2006, and the Israeli offensive on the Gaza Strip in December 2008/early January 2009 ("Operation Cast Lead"). The second Intifada brought down the economy and led to a sharp increase in the amount of humanitarian aid delivered to the oPt. The latest military operation in the Gaza Strip caused extensive damage to infrastructure and buildings and left about 1,450 Palestinians dead and 5,450 injured, of whom more than 1/3<sup>rd</sup> were children and women.

Besides Israeli-Palestinian fighting, armed violence increased since 2006 within the oPt between partisans of the Fatah and the Hamas. Although high levels of violence have abated since the ceasefire on 18 January 2009, intermittent clashes between Palestinian militants and the Israeli Defence Forces (IDF) have continued. Numerous Palestinians have been killed, injured or detained by the IDF, while at the same time numerous civilians within Israel have been also killed and injured by rockets fired by Palestinian militants in Gaza.

The process of fragmentation of Palestinian land and communities continued throughout 2008 with the West Bank Barrier's construction, road blocks, checkpoints and expansion of Israeli settlements in the West Bank, and blockade of the Gaza Strip. Combined with house demolitions by the IDF, eviction orders and permit restrictions (see Box 2) this situation not only undermined economic productivity and opportunities for recovery and growth, but also increased population displacement.

### **Box 2 – Israeli Defence Forces (IDF), Israeli settlements and legal issues in the oPt**

Israeli Defence Forces (IDF) perform frequent incursions into residential areas, especially in refugee camps. Violence also stems from Israeli settlers in the oPt. Settlement has been promoted by financial subsidies, preferential loans, lower taxes and cheap housing. As a result, many settlers are motivated by economic gain rather than ideological drive. The Israeli settlement population in the West Bank is estimated at almost half a million, and this figure is rising rapidly: in 2008 the growth rate in the West Bank was 4.7%, considerably higher than the 1.7% population growth in Israel. It seems that settler violence increased dramatically in 2008 and directly contributed to the displacement of Palestinian residents.

Despite legal protections, Palestinians face constant threats to their physical safety due to Israeli incursions, settler violence and clashes between Palestinians themselves, limitations on freedom of movement (blockade of Gaza in particular) and the curtailment of land and property rights through land confiscation and

<sup>10</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.



restrictive property policies. As the occupying power in the Palestinian territories, Israel has obligations under the international humanitarian law regarding the welfare of the occupied population. However, Israel does not view itself as an occupying power and thus maintains that it is not obliged to comply with the Fourth Geneva Convention<sup>11</sup> in particular. A number of obligations which the government does not fulfil are instead covered by foreign aid.

*O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.*

Worldwide, there is an estimated 7 million displaced Palestinians, making them the world's largest displaced group. Some 1.57 million refugees live in the oPt (60% of them in the Gaza Strip and 40% in the West Bank), constituting about half of the oPt population. A further 2.7 million live in Syria, Lebanon and Jordan.

#### **1.4 - Macro-economic context**

The agreement reached between the Israeli government and the Palestinian Liberation Organization (PLO) in 1994 triggered an influx of international development assistance designed to promote an independent Palestinian economy and job creation. The Protocol on Economic Relations (“the Paris Protocols”) aimed to correct some of the developmental disparities by eliminating Israeli trade barriers on Palestinian agricultural products, removing restrictions on economic activities, developing financial institutions, creating a legal and regulatory framework, and reducing political and economic uncertainty. The Paris Protocols created a customs-envelope for Israel and the oPt, in that all foreign aid donated to the Palestinians was required to pass through Israeli customs and the Israeli government could take tariffs from importers. The agreements also stipulated that Palestinian workers would be allowed to enter Israel to seek employment but this part was not fulfilled, with Israel imposing blanket closures in the name of security. Furthermore, Israeli authorities interfered with aid efforts by delaying or blocking the transport of aid materials and labour at the border and at checkpoints inside the oPt<sup>12</sup>.

The second Intifada which broke out in 2000 resulted in increased restrictions on movement and access for Palestinians living in the oPt. Permits for work in Israel became more difficult to secure and many Palestinians lost their job. Between 1999 and 2007, the oPt GDP per capita dropped by nearly 30% and investment nearly ceased. GDP per capita continued to decrease at an average of 4% per year between 2006 and 2008<sup>13</sup>. Development aid dried up, further contributing to the slowdown of growth of the Palestinian economy. According to the World Bank, the GDP per capita was just above US\$1,000 in 2008, compared to US\$1,610 in 1999.

The financial boycott of the PA after the success of the Hamas Party at the elections of 2006 prevented donors from sending aid to institutions affiliated with the Hamas Party. After June 2007, Israel withheld US\$50-60 million of tax revenue collected on behalf of the PNA and imposed further restrictions on freedom of movement in and out of the Gaza Strip. Many projects funded by donors and NGOs were shut down. Humanitarian assistance in the Gaza Strip and more developmental support in the West Bank prevented total economic collapse to occur (see Box 3).

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<sup>11</sup> Article 27 of the Fourth Geneva Convention states that: “Protected persons are entitled, in all circumstances, to respect for their persons, their honour, their family rights, their religious convictions and practices, and their manners and customs. They shall at all times be humanely treated, and shall be protected especially against all acts of violence or threats thereof [...]. However, the parties to the conflict may take such measures of control and security in regard to protected persons as may be necessary as a result of the war.”

<sup>12</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>13</sup> International Monetary Fund, 2009 – West Bank and Gaza. Country Note.

### Box 3 – Economic effects of the blockade in the Gaza Strip

The blockade by Israel has 'locked in' 1.5 million people in a very small area. It has led to a marked degradation in the living conditions of the population due to the erosion of livelihoods, and the gradual decline in the state of infrastructure and in the quality of vital services including health, water, sanitation and education. The blockade has taken place alongside recurrent cycles of violence and human rights violations stemming both from the Israeli-Palestinian conflict and Hamas' rule over Gaza.

The economy in the Gaza Strip used to depend on Israel for imports and exports, as well as on the Israeli labour market for households' income. Before the 2007 blockade, most of the 3,900 industries in Gaza were involved in manufacturing for export, predominantly to Israel. Raw material and inputs were imported from Israel in their majority. Overall, the industrial sector provided jobs for about 35,000 people<sup>14</sup>. Between 2007 and 2008, unemployment increased by 65%. As of March 2008, only 130 industries in Gaza were reported in function, with 1,300 workers only<sup>15</sup>.

In addition, the *de facto* Israeli blockade makes it difficult to ship sufficient goods, including essential items. A system of multiple tunnels across the Egyptian border has been established to enable some entry of goods. While a number of tunnels were destroyed during the Israeli offensive at the end 2008, many remain functional.

Despite increased humanitarian assistance, the ratio of Gaza Palestinians living below the poverty line rose from 37% in 2006 to 75% by the end of 2007. The freeze on the Palestinian National Authority (PNA) income caused tens of thousands of PA workers to stop receiving their salaries, and public services and social infrastructure were harmed. With entry of cash allowed again, the PNA managed to pay the salary arrears, but this was often just sufficient to pay off debts incurred in the meantime.

At present, the Gazan economy is almost completely driven by PNA salaries and humanitarian assistance and work programmes provided by the UN and other donor agencies.

OCHA, 2007 – Quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – *Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory*. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.  
The World Bank, June 2008 – *Economic Developments and Prospects. Occupied Palestine Territories*.  
OCHA, March 2008 - *The Humanitarian Monitor, occupied Palestine territories, No.23*  
OCHA, August 2009 – *Locked in: the Humanitarian Impact of Two Years of Blockade on the Gaza Strip*

The Fatah Party in the West Bank has undertaken a policy to resume development investments, through the writing of the Palestinian Reform and Development Plan 2008-2010 (PRDP). The Plan emphasizes the private sector and opening up the Palestinian economy to foreign business. The Plan is critical of the Hamas takeover of the Gaza Strip and projects to create industrial zones to attract foreign capital focus only in the West Bank. The PRDP appealed for US\$5.6 billion and donors pledged even more (US\$7.7 billion at the Paris Conference in December 2007) although the level of actual disbursement is still unknown. Donor contributions mainly consist of PNA budgetary support, humanitarian aid and minor investment projects. Only a tiny proportion of the PNA spending so far went for investments, while most of it went for salary running costs.

Though growth has been lower than projected and inflation higher than expected, the PNA has implemented reforms and made substantial progress in improving its fiscal position. However, the fiscal crisis persists. The PNA relies on large inflows of external budget support to maintain operations and is unable to devote any internal resources for investment. At household level, while strictly controlled by Israel (particularly in the Gaza Strip), foreign aid allows Palestinians to survive in the absence of sufficient employment and business opportunities (see Section 3.2.2 on Livelihood strategies and Section 5.1 on Foreign Aid).

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<sup>14</sup> OCHA, 2007 – Quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – *Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory*. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>15</sup> The World Bank, June 2008 – *Economic Developments and Prospects. Occupied Palestinian Territory*.

At the International Conference for the Reconstruction of Gaza<sup>16</sup> in March 2009, the PNA requested US\$1,326 billion for early recovery and reconstruction interventions, including 0,824 billion for the economic sector (agriculture, food security, industry and private sector). This is in addition to US\$1,45 billion in budget support and supplementary emergency budget support for Gaza in 2009-2010 also requested to cover the additional administration expenses forecast by the PNA. Very limited resources have been actually mobilised, mainly due to severe restrictions to goods moving in and out of the Gaza Strip.

By mid-2009, the West Bank economy was showing signs of new growth, owing to the relaxation of control on mobility by the Government of Israel since the beginning of the year. These measures eased the flow of Palestinian traffic to and from major West Bank cities and reduced the time required for Palestinians to access these cities. In the 1<sup>st</sup> quarter of 2009, real GDP in the West Bank and Gaza Strip together grew by nearly 4%. However, the growth pattern in 2009 suggests that much of the 1<sup>st</sup> quarter growth was driven by spending associated with responding to Israel's military operation in the Gaza Strip and other donor-supported public spending. There is thus a danger that growth will not be sustained<sup>17</sup>. Furthermore, the Israeli authorities have increased the permission requirements for UN agencies and NGOs to work in the West Bank, thus rendering more difficult the provision of assistance and implementation of programmes there.

## **II – How many, who and where are the food insecure households in the oPt?**

### **2.1 – Estimation of the prevalence and severity of food insecurity**

Indicators used to define food insecurity in the oPt combined income and/or consumption levels (US\$/capita) and trends in food and non-food expenditures (decrease/no change)<sup>18</sup>. As such, the estimation of the prevalence of food insecurity considers only the problem of economic access to food and essential non-food items. In fact, other dimensions of food security, including food availability (see Section 3.1) and food consumption (see Section 3.3), are generally less problematic, mainly owing to the high level of humanitarian assistance.

The combined results of the Socio-Economic and Food Security surveys in the West Bank and the Gaza Strip indicate that about 38% of households in the oPt were food insecure during the second half of 2008 and second trimester of 2009. Based on a total population of 3.8 million and taking into account the largest size of food insecure families, this represents some 1.59 million food insecure people.

Although methodologies employed for the estimates differ, this is a similar proportion as in mid-2008 and 2003-2004, and slightly above the 2006 level of 34% food insecure households. As such, the result indicates no improvement since the worsening of the situation due to the rise of food and fuel prices early 2008.

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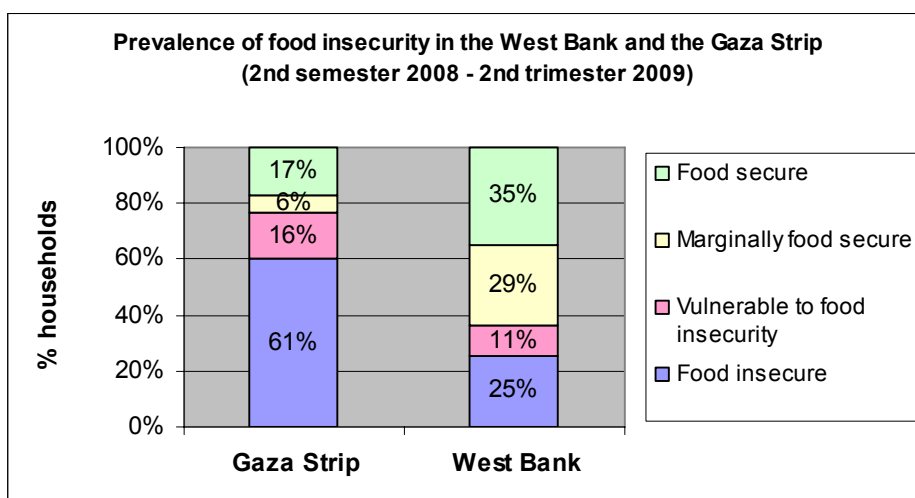
<sup>16</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>17</sup> World Bank, 22 September 2009 – A Palestinian State in Two Years: Institutions for Economic Revival.

<sup>18</sup> In 2009, the following parameters were used to analyse food security in the West Bank and the Gaza Strip:

- Food secure: income AND consumption  $\geq$  US\$5.6/adult equivalent/day, or between US\$4.7-5.6 and no decrease in total food and non-food expenditures.
- Marginally food secure: income OR consumption  $\geq$  US\$5.6/adult equivalent/day, or income AND consumption between US\$4.7-5.6 with no decrease in total expenditures
- Vulnerable to food insecurity: income AND consumption  $<$  US\$5.6 but no decrease in expenditures (those would be marginally food secure)
- Food insecure: income and consumption  $<$  US\$4.7, and households with decrease of total food and non-food expenditures or unable to decrease expenditures further.

Assessments since 2003 have consistently found higher levels of food insecurity in the Gaza Strip than in the West Bank (see Sections 2.1.1 and 2.1.2).



### 2.1.1 Prevalence and severity of household food insecurity in the West Bank

Using data covering the second half of 2008, the Socio-Economic and Food Security Survey in the West Bank found that about a quarter of households were food insecure, 11% vulnerable to food insecurity, 29% marginally food secure and 35% food secure. The prevalence of food insecurity was slightly higher among refugees (28%) than non-refugees (24%). Based on a 2.38 million population and taking into account the size of food insecure families, some 625,200 West Bank people would be food insecure and 269,300 vulnerable to food insecurity.

As mentioned, these estimates consider only the economic dimension of food security, essentially the capacity of households to purchase sufficient food. Assistance reaches almost one third of West Bank households, about half of which constituted by food aid. **About 16% of West Bank households combine a very low purchasing power (as defined in the SEFSec) with a very poor diet** (see Section 3.3.1). Some 20% of households have a very low or low purchasing power but manage to consume a diet probably sufficient in quantity and with some variety. Only 13% of West Bank households are very poor but manage to consume an acceptable amount and diversity of food. These figures are lower than in the Gaza Strip (see Section 2.1.2), reflecting in part the lower coverage of assistance to poor West Bank households compared to the widespread humanitarian assistance in the Gaza Strip.

Due to different methodology used, it is not possible to compare directly these results with previous years. Bearing these limitations in mind, food insecurity levels in the West Bank seem to have remained about the same since 2006, although a trend towards higher levels of vulnerability to food insecurity and marginal food security to the detriment of better food security status can be noted. Furthermore, different livelihood groups are likely to have experienced fluctuations in various ways. Urban households significantly suffered from the increased food and fuel prices at the beginning of 2008. PNA employees also suffered hardship in 2006 when salary payments were suspended for around 9 months. In 2007 and 2008, farmers have been affected by adverse climatic events. Others livelihood groups have endured hardship due to *ad hoc* violence or security measures occurring at different times in the West Bank.

Within the West Bank during the 2<sup>nd</sup> semester of 2008, a higher proportion of households were food insecure<sup>19</sup> in Hebron (33%) and Jenin (34%) governorates, much before Nablus (18%) and Ramallah and Al Bireh (20%). In 2006, Nablus and Tubas governorates presented the highest food

<sup>19</sup>FAO & WFP, August 2009 – Working Paper Series 1 Household Food Security Profiling West Bank.

insecurity levels. The lowest level of food insecurity in 2008 was found in Salfit and Jericho governorates (9 to 17%). The better situation in Salfit seemed explained by a larger contribution of own production to households' food consumption - providing a buffer against price and supply shocks - and receipt of higher levels of assistance compared to other governorates. On the other hand, the high proportion of food insecure households in Hebron could be explained by lack of rainfall over the previous few years combined with Israeli settlers' violence and severe movement restrictions.

Food insecurity was also slightly more prevalent among households located in the Buffer/Seam Zone (between the green line and the Barrier) compared to other locations in the West Bank (28% versus 25% elsewhere), reflecting more severe mobility constraints for these households.

### **2.1.2 Prevalence and severity of household food insecurity in the Gaza Strip**

The Socio-Economic and Food Security (SEFSec) survey in the Gaza Strip<sup>20</sup> covering the 2<sup>nd</sup> trimester of 2009 and integrating the effects of the Israeli offensive at the end of 2008 (Operation Cast Lead) found that 61% of the population was food insecure, 16% vulnerable to food insecurity, 6% marginally food secure and 17% food secure. Based on a 1.42 million population and the size of food insecure families, some 973,600 Gazan people would be food insecure and 218,950 vulnerable to food insecurity.

As mentioned, these estimates consider only the economic dimension of food security, essentially the capacity of households to purchase sufficient food. Large-scale humanitarian assistance reaches almost 80% of Gazan households and contributes significantly to the other dimensions of food security, namely availability of food within the households and food consumption. In the Gaza Strip, "only" about 30% of households combine a very low purchasing power (as defined in the SEFSec) with a very poor diet (see Section 3.3.1). Almost 40% of households have a very low purchasing power but manage to consume a diet probably sufficient in quantity and with some variety. One third of Gazan households are very poor but manage to consume an acceptable amount and diversity of food.

Despite non-comparable methods applied, food insecurity levels appear to be slightly higher than the levels observed in mid-2008 (56%) and 2006 (53%). They confirm the persistent degradation of the food security situation resulting from the effects of the 2-year blockade on employment, and on crop, livestock and fishing production and sales. It is likely that the increased amounts of humanitarian assistance provided in the aftermath of the conflict with Israel prevented a dramatic increase in the prevalence of food insecurity.

Contrarily to the West Bank, refugee households were less likely to be food insecure than non-refugees (58% versus 64%).

Rafah, Gaza and Khan Younis governorates presented the highest deterioration of the food security situation (respectively 66%, 63% and 62% food insecure), most likely because factories and outlets of the large manufacturing and construction sectors most hardly hit by the import restrictions were located there<sup>21</sup>. The Israeli offensive took also a greater toll on households in Rafah governorate. Relatively lower levels of food insecurity were found in North Gaza (57%) and Deir-al-Balah (54%) governorates.

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<sup>20</sup> FAO & WFP, October 2009 – Socio-Economic and Food Security Survey Report, Gaza Strip.

<sup>21</sup>WFP, December 2007 – Rapid Food Security Assessment in the Gaza Strip. Effect of Import Restrictions and Freeze on Exports on the Food Security of Non-Refugees.

### 2.1.3 – Evolution of household food security in the oPt between 2003 and end 2008

Comparison of the prevalence of household food security between years is limited by the use of different methodologies. This reflects the processes of methodology adaptation to the socio-economic context and the institutionalisation of the monitoring system. It is hoped that future surveys will be conducted simultaneously in the West Bank and the Gaza Strip by PCBS using the now consolidated SEFSec methodology. However, general trends can be reported. A summary is provided in Box 4. Overall, the food security situation in the oPt worsened between 2003 and 2008:

- In the West Bank, food insecurity levels remained pretty stable from 2006 onwards except for a “peak” mid-2008 due to the negative effects of the rise of food and fuel prices, particularly for urban households (see Section 3.1.3).
- In the Gaza Strip, the prevalence of food insecurity has systematically been above the level in the West Bank. As in the latter, an increase was noted mid-2008 due to the food and fuel price rise, but the prevalence of food insecurity further rose early 2009 as a result of the damaging effects of the Israeli offensive on income sources and assets (see Section 3.2).

#### Box 4 – Evolution of the food security situation in the oPt between 2003 and end 2008

##### 2006 compared to 2003-2004

- The 2006 CFSVA found that 34% of households in the oPt were food insecure, 12% vulnerable to food insecurity, 20% marginally food secure and 34% food secure.
- These results showed similar levels of food insecurity compared to 2003 and 2004: at that time, between 37%-40% of Palestinians were food insecure, 27%-30% vulnerable to food insecurity and 30%-35% food secure.
- More than half of the households in Gaza were food insecure in 2006 (53%) and almost a quarter of West Bank household (24%).

##### Mid-2008 compared to 2006

- The joint FAO/UNRWA/WFP survey in May 2008 reported a deterioration of the food security situation compared to 2006, with 38% of the Palestinian population food insecure, 14% vulnerable to food insecurity, 12% marginally food secure and 36% food secure.
- Food insecurity continued to be more widespread in the Gaza Strip (56%) than in the West Bank (25%).
- The food security situation also deteriorated more in the Gaza Strip than in the West Bank between 2006 and 2008, due to the blockade on Gaza imposed by Israel after Hamas takeover resulting in lower income. Both territories were affected by the general prices increase contributing to higher expenses for food and fuel.
- A higher proportion of refugees were food insecure compared to non-refugees (44% versus 33%) but both groups experienced a similar increase (by 10%) of food insecurity compared to 2006. Food insecurity affected 50% of refugees in camps.
- Compared to 2006, urban food insecurity increased sharply compared to increases in rural areas and refugee camps. The urban unemployed were particularly affected, as they rely on scarce and irregular daily labour, wages and salaries were not adjusted to inflation, and they often purchase their food in neighbourhood shops at increased prices.

##### Mid-2008 compared to second half of 2008

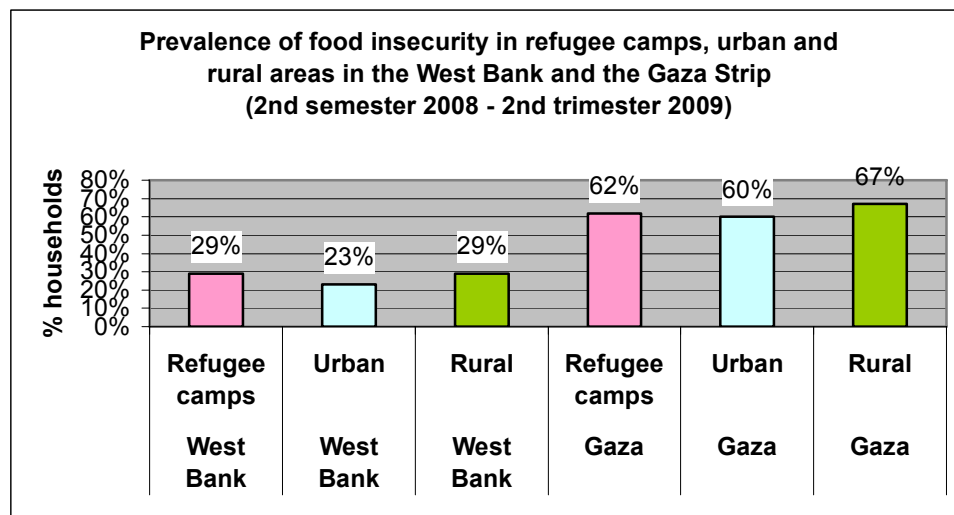
- Although direct comparisons are not possible due to different methodology, the food security situation in the West Bank remained pretty stable in the second half of 2008 compared to the first half of 2008.
- As a result of the Israeli offensive in the Gaza Strip in December 2008, the proportion of Gazans facing food insecurity rose to 61% by the 2<sup>nd</sup> trimester of 2009, slightly higher than the level found in the second half of 2008.

FAO/WFP West Bank and Gaza Strip: *Comprehensive Food Security and Vulnerability Analysis, January 2007*  
WFP/UNRWA/FAO *Joint Rapid Food Security Survey in the Occupied Palestine Territory, May 2008*

## 2.2 – Comparison between rural and urban areas and refugee camps

Data from the second semester of 2008 in the West Bank<sup>22</sup> showed that rural households and refugees located in camps were more likely to be food insecure than urban households (29% versus 23%)<sup>23</sup>. This result differs from the beginning of 2008, when the rapid increase of food and fuel prices translated into a higher proportion of food insecure households in urban areas, due to their higher dependence on markets for food purchase. The apparent improvement of the urban food security situation in the second half of 2008 may be explained by the decreased of both the overall Consumer Price Index (CPI) and the food CPI in the West Bank (see Section 3.1.3) and slower increase of unemployment rates in urban areas compared to rural areas or camps (see Section 3.2.2).

In the Gaza Strip, the prevalence of food insecurity was also higher in rural areas (67%) and in refugee camps (62%) than in urban areas (60%) during the 2<sup>nd</sup> trimester of 2009. Food insecurity worsened in rural areas between 2008 and 2009, most likely because of the massive destruction of crops, animals and agricultural assets due to the war. However, only 2% of the total population in Gaza is rural, hence the absolute number of food insecure people is much higher in urban areas.



However, only slightly more than a third of refugees live in camp while half live in urban areas and 15% in rural areas in the oPt (see Box 5). Refugees living outside camps have often living conditions similar to non-refugees.

### Box 5 – Refugees and camps in the occupied Palestinian territory

Of the 1.57 million refugees in the oPt, 60% of them in the Gaza Strip and 40% in the West Bank.

There are 27 official refugee camps (19 in the West Bank and 8 in the Gaza Strip), where 700,000 refugees live. Refugees in camps represent 47% of refugees in the Gaza Strip and 25% of the refugees in the West Bank. The rest of the refugees is scattered across the territory in towns and villages with the host population.

Factors contributing to permanence of Palestinian refugees in camps after more than 6 decades include:

- family and village support structures in the camps;
- lack of resources to rent or buy alternative accommodation (camp housing and utilities are generally free);
- lack of living space outside the camps due to overcrowding;
- the status of refugee camps as symbols of the temporary nature of exile and reminders of the Palestinian

<sup>22</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report in the West Bank.

<sup>23</sup> To be noted, in absolute terms, urban areas have a higher concentration of food insecure households due to a larger population size compared to rural and refugee camp areas. Therefore, while the prevalence is higher in rural areas, the number of food insecure is greater in urban areas.



demand for the right of return.

WHO, 2009 – *Health Conditions in the Occupied Palestine Territory, including East Jerusalem, and in the Occupied Syrian Golan*. 62<sup>nd</sup> World Health Assembly, A62/INF.DOC./2, 14 May 2009.

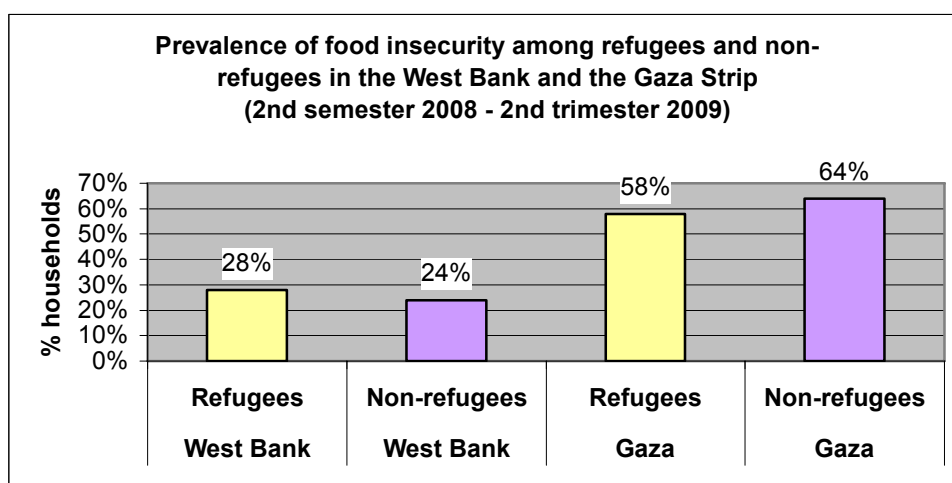
Badil, 2007, quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – *Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory*. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009

## 2.3 – Characteristics of population groups affected by food insecurity in the oPt

### 2.3.1 – Food insecurity among refugees and non-refugees

According to UNRWA, although Palestinian refugees face similar protection and livelihood challenges as their non-refugee counterparts, refugee households are typically poorer than non-refugees.

The Socio-Economic and Food Security Survey in the West Bank<sup>24</sup> found that a higher proportion of refugees were food insecure compared to non-refugees (28% versus 24%), and lower proportions were either marginally food secure or food secure. However, the reverse was noted in the Gaza Strip, where non-refugees were more likely to be food insecure than refugees (64% versus 58%).



### 2.3.2 – Main characteristics of food insecure households

In both the West Bank and the Gaza Strip, rural households, female-headed households, households with a large number of female and child members and families with a high number of dependents were more likely to be food insecure than households without these characteristics.

In the West Bank, food insecure households were more likely to be:

- refugees, particularly living in camps (see section 2.2 above);
- rural households (see section 2.3.1 above);
- female-headed: 31% food insecure versus 24% among the male-headed;
- including a high number of female members and/or children: 29% of families with more than half of their members who are children were food insecure, compared to 25% in average;
- large families: 6.3 members compared to 4.7 members in food secure households;
- with a high dependency ratio: 6.8 compared to 3.7 in food secure households;

<sup>24</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report in the West Bank.



- with a low educated head of household: 5.9 years compared to 8.2 years in food secure households;
- with an unemployed head of household (34% food insecure), or a head of household with an irregular wage labour (41% food insecure), or a self-employed head of household (25% food insecure);
- relying on formal or informal social benefits (cash transfers, unemployment subsidies) as a source of income, and less likely to rely on wages, business income, insurance or pensions;
- having low-paid, low-skill occupations, such as agricultural workers, cleaners, garbage collectors or machine operators, rather than legislators, management personnel, specialists, professionals, clerks or other occupations providing comparatively high and/or stable incomes including trade or services.

In the Gaza Strip, food insecure households were more likely to be:

- female-headed: 68% food insecure compared to 60% among the male-headed households;
- with a high proportion of female and child members;
- with a high dependency ratio: 9.5 among the food insecure versus 4.1 among the food secure;
- families deprived of assets and housing as a result of the Israeli offensive at the end of 2008;
- unemployed: chronically unemployed since the 2007 closure, or unemployed since January 2009 following the Israeli offensive, or unemployed because newly graduated;
- relying on irregular wage work or self-employment (38% and 21% of the food insecure respectively) as their main source of income;
- employed in the private sector (69% of the food insecure) and in unskilled occupations (35% of the food insecure) and handicrafts (15% of the food insecure), rather than in the public sector (at a higher wage level) and in services or trade.

These findings are consistent with the characteristics observed for the oPt as a whole in 2007<sup>25</sup> which also showed that food insecure households were more likely to be:

- the poorest: 90% of households in the lowest income quintile (20% poorest) and approximately 50% of households in the 2<sup>nd</sup> lowest income quintile were food insecure;
- relying on non-public sector income source rather than on the public sector (38% versus 28%);
- with basic and lower education levels rather than with secondary education and above (40% versus 24%).

While refugees are more likely to be food insecure than non-refugees, this division is not as straightforward. After decades of conflict, food insecurity transcends the population groups defined only according to their refugee/non-refugee status and affects groups according to their livelihoods and the combined effects of violence, natural disasters and economic shocks. Although food security data for individual groups are not available, the following groups are more likely to be food insecure than others, due to the vulnerability of their main sources of food and income to the prevailing conflict- and economic-related shocks in the oPt (see Sections 3.2.2 and 3.3.1):

- farmers whose access to land and agricultural inputs is restricted by the West Bank Barrier and mobility restrictions in the West Bank, and by the Buffer Zone and blockade in the Gaza Strip, and farmers whose harvests are affected by drought, frost and other adverse climatic events;
- herders in the West Bank whose access to water and grazing land is limited by the restrictions, settlements and drought;
- fishermen in the Gaza Strip whose access to fishing waters is restricted;
- urban poor whose irregular and low wages are insufficient to meet their food and other basic needs in a context of increased prices;
- households whose salaries have decreased, including the newly unemployed as a result of the global economic crisis, those who have lost their jobs in Israel or within the oPt, and/or those who are receiving less remittances.

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<sup>25</sup> Analysis done in: WFP & FAO, January 2007 – West Bank and Gaza Strip: Comprehensive Food Security and Vulnerability Analysis (CFSVA)

Food insecurity within these livelihood groups is a dynamic issue with variations of the level of severity related to changes in the weather, security and economic context. However, the recurrence or persistence of shocks (see Section IV) and erosion of coping capacities (see Section 3.4) push these households from transitory to chronic food insecurity (see Section 3.5.3) or towards more severe levels of food insecurity.

In addition to specific livelihood groups or household characteristics, certain household members are at additional risk of food insecurity due to their physiological condition and additional nutritional needs. This includes school children, pregnant and nursing mothers and children under-5 years of age.

### **III – Why are households food insecure?**

The conflict and more precisely the restrictions on mobility of persons and goods are the main basic causes of food insecurity in the oPt. They have consequences on: (i) food availability: negative effects on agricultural production, fisheries and food trade/market supplies; (ii) economic access to food: prices artificially high but lack of opportunities to secure employment and higher household incomes; and (iii) food utilization: poor water, sanitation, hygiene, access to health care, and declining quality of the diet. Based on the population growth rate registered in the 2007 PCBS Population and Housing Census, the Palestinian population is projected to double in approximately 20 years. This is anticipated to magnify food insecurity prevalence and depth and possibly become a national concern.

Food availability *per se* is not the most critical issue presently in the oPt. Food is generally supplied in sufficient quantities and acceptable variety on local markets, essentially from imports, with the exception of a few sub-sectors in which local production covers a significant proportion of domestic consumption. This includes some vegetables, olive oil, poultry, sheep/goat meat and dairy products. Yet, current availability of food on the market could be hampered given the volatility of the peace process and the high dependency on the Israeli market. Based on the current situation, insufficient households' capacity to purchase food and unsatisfactory food utilization are the main underlying factors contributing to food insecurity and signs of increasing rates of chronic malnutrition.

#### **3.1 - Food availability and markets**

##### **3.1.1 – Food production in the oPt**

The agricultural sector accounts for between 11%-20% of the Palestinian economy, employing approximately 15% of the formal workforce and up to 39% of the informal workforce, and accounting for about 20% of oPt exports. Women are an important component of the informal labour force in agriculture.

Although the potential for agricultural production is important in the oPt, the actual crop and animal product outputs are limited by:

- the small size of land available and safely and regularly accessible;
- the lack, and high (and increasing) cost, of agricultural inputs and equipment;
- the lack of irrigation (only 6% of West Bank cultivated area); and
- adverse climatic factors in recent years (drought, irregular rainfall and frost);
- shrinking marketing opportunities due to Israeli closure regime;
- levelling of large agricultural areas in the Gaza Strip.

Total acreage cultivated for the season 2006/2007 was estimated at 183,480 hectares, with more than 90% used for food crops. The main changes observed in the agricultural sector since the second Intifada in 2000 are an increase in irrigated agriculture, especially for vegetables, and a considerable decrease in fruit production. The increase in higher productivity irrigated agriculture, however, is compromised by losses due to destruction of trees and inaccessibility of agricultural land and water resources due to Israeli military activities (in both West Bank and Gaza Strip) and the construction of the Barrier and expansion of Israeli settlements in the West Bank (see Section 3.2.1).

In addition, there are concerns over food quality and safety in both the West Bank and the Gaza Strip due to lack of regulations and enforcement mechanisms (see Section 3.3.2).

### Staple foods

Wheat is the only cereal produced primarily for human consumption. It relies almost entirely on rainfall for growth and therefore is subject to major year-to-year variability in the production. Potatoes are the second most important food crop. The main pulses grown are chickpeas, lentils, dry broad beans and cowpeas. Production is small and unstable due to its susceptibility towards climatic shocks.

Local production of wheat and pulses covers only 4% and 2% of Palestinians' consumption requirements respectively. Not only is staple food local production largely insufficient to meet local demand, but it is also unable to compete with cheaper cereals and pulses from Israel and international markets. As a result, supply of these commodities must be ensured by commercial imports and assistance.

The availability of wheat flour, sugar and rice in the West Bank and Gaza markets is not problematic. However, in both the West Bank and the Gaza Strip, availability and physical access to markets remain subject to Israeli restrictions, rendering monitoring of movement and restrictions and entry of food imports through the crossings of paramount importance.

### Vegetables and fruits

The overall production of vegetables such as tomato, cucumber, squash, eggplant, beans, peppers, cabbage and cauliflower exceeds local demand in both the West Bank and the Gaza Strip, due largely to the shift from open irrigation to covered cultivation with higher irrigation efficiency and yields. Only few vegetables are imported from Israel (melons, musk-melons, lettuce, garlic)<sup>26</sup>.

The decline in fruit production in the oPt since the second Intifada is mainly explained by the decreased area for the production of citrus trees, particularly orange and mandarins. This is mainly due to the low availability and high cost of irrigation water as well as low efficiency of open field irrigation in which the overwhelming majority of citrus trees depend. Olive oil is the only tree production which meets more than the consumption requirements (164%<sup>27</sup>), despite wide annual fluctuations and increased obstacles for its cultivation in West Bank land located on the other side of the Barrier.

The most frequently consumed fruits (apples, bananas) and vegetables (tomatoes, potatoes) are abundantly available in local markets in both the West Bank and Gaza Strip. Only certain fruits that do not have a local substitute are not available in the local markets in Gaza (kiwi, cherry, apricots), but these are not generally consumed by the poor.

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<sup>26</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>27</sup> 2007 CFSVA (FAO and WFP)

## Animal products

Milk production has risen since 2000, essentially as a result of producers' efforts to fill the supply gap caused by the drop in milk imports from Israel, but the levels remain tight with respect to consumption requirements. Egg production has also risen and meets most of local requirements, but producers appear to be seriously affected by the restrictions on the movement of inputs needed in the production process, as well as on the movement of the produce itself<sup>28</sup>.

Local red and poultry meat production is fluctuating but in any case covers only about 20% of local consumption<sup>29</sup>.

Fish production (entirely in the Gaza Strip) has decreased continuously over the past years, due to lack of maintenance of fishing boats and equipment and more recently the damages and losses of fishing days caused by the Israeli offensive at the end of 2008. The Israeli Defence Forces currently prohibit Palestinian fishermen from fishing beyond 3 nautical miles from the shore, limiting the volume of the catch. The ban on exports is another major cause of fishing decline, as well as decreased consumers' demand due to their lower purchasing power.

## West Bank food production

Arable land in the West Bank is estimated at 2,500 km<sup>2</sup><sup>30</sup>. Most West Bank households who own land (a quarter of total households, including 39% of rural households, 21% of urban households and 6% of refugees in camps) are small-scale farmers cultivating less than 0.5 hectare on average. In the second half of 2008, up to 10,000 farmers reported difficulties in accessing their agricultural land and almost 60% attributed these problems to movement restrictions. Some of the most productive areas are under Israel control and thus not accessible for cultivation. One fifth of households owning land mentioned that they were not currently cultivating. The main productions are fruit trees - particularly olive (76%), crops (19%) and vegetables (17%)<sup>31</sup>. Due to land and water resource scarcity –the latter further affected by recurring regional drought and possibly the impact of climate change- local food production requires immediate support and appropriate longer term strategies prioritizing sub-sectors with a higher comparative advantage.

## Gaza Strip food production

Arable land in the Gaza Strip is estimated at 200 km<sup>2</sup><sup>32</sup>. The Gaza Strip includes 170,000 dunums<sup>33</sup> of cultivated land (open field and greenhouses) and has the capacity to produce approximately 300 Mt of agricultural products a year, most of which are high value export crops. However, agriculture is distressed due to the export ban and unavailability and high cost of inputs and equipment.

Almost 2/3<sup>rd</sup> of crops in the Gaza Strip are not irrigated due to the lack of fuel for water pumps. Just before the Israeli offensive at the end of 2008, an estimated 170 ha were cultivated. Almost 15% were completely destroyed by the Israeli Defence Forces (IDF). Losses included 38 ha of fruit trees, about 14 ha of vegetables, 15 ha of field crops, and almost 3 ha (out of a total of 12 ha) of green houses and nurseries. Livestock losses were also substantial, with an estimated 35,750 cattle, sheep and goats and over 1 million poultry killed. Destruction of agricultural assets

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<sup>28</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>29</sup> 2007 CFSVA (FAO and WFP)

<sup>30</sup> Ministry of Agriculture, 2007

<sup>31</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>32</sup> Ministry of Agriculture, 2007

<sup>33</sup> Dunum= 1,000 m<sup>2</sup> and 0.1 ha.

and inputs including irrigation networks, animal shelters, agricultural roads and stores also occurred and will have long-lasting effects on the capacity for the sector to recover<sup>34</sup>.

Fish, which represents a large source of animal protein for the Gaza population, is limited by sea water contamination by untreated sewage, lack of fuel to operate boats, and limitation to fishing grounds imposed by the IDF. As a result of their offensive at the end of 2008, the total fishing catch in April 2009 decreased to 79 Mt, i.e. 1/3<sup>rd</sup> of the amount of fish available in the market place in April 2007. The cumulative fish catch from January to September decreased dramatically by 63% between 2008 and 2009. The reduced supply resulted in a sharp rise in the price of sardines, typically the most popular and affordable type of fish in the market.

In the long term, serious environmental concerns exist regarding the sustainability of water and land resources given their current management in the Gaza Strip, the limited scope for the construction of sewage treatment, and the over-extraction of the coastal aquifer.

### **3.1.2 – Food imports and exports and Gaza tunnel trade**

#### Food imports and exports in the oPt

Trade flows represent 85% of the GDP of the oPt. Imports of goods and services represent over 80% of total flows and exports around 20%.

The 1994 Paris Protocols make goods cheaper to import from Israel than from other countries (no custom taxes) and easier cross-border transportation facilities. As a result, the oPt is Israel's second largest export market (after the USA), with exports worth US\$2.3 billion in 2007<sup>35</sup>. About 81% of total value of oPt trade was with Israel in 2008. Even though 87% of total exports from oPt went to Israel, their value was lower, and trade deficit amounted to circa US\$1.6 billion<sup>36</sup>. The deficit is effectively funded by donor aid.

Food production, imports and food aid ensure overall availability of food in sufficient quantities in the oPt, with some temporary exceptions in the Gaza Strip due to the restrictive blockade on certain items. However, geographical fragmentation prevents an even distribution of this food and the availability of specific commodities in particular areas at particular times is not always ensured.

In the Gaza Strip, the availability of some food items such as fresh meat (and bread in January 2009) has sharply decreased due to the closure of the crossings and limitations on commodities allowed to entry: wheat, sugar, frozen foods (including meat), dairy products, rice, vegetables, fruits, vegetable oil. An Israeli government decision adopted on 22 March 2009 to allow the unrestricted entry of food products into Gaza once the source was cleared by the Israeli authorities, remained unimplemented as of August 2009. In May 2009, only 2,662 truckloads of goods entered Gaza from Israel, a decrease of almost 80% compared to the 11,392 truckloads allowed in April 2007, before Hamas took over the territory<sup>37</sup>. By July 2009, imports to Gaza were at around 19% of their pre-closure levels.

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<sup>34</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>35</sup> Israeli Central Bureau of Statistics: Statistical Yearbook 2007. Jerusalem, 2008. Quoted in: Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>36</sup> Palestinian Central Bureau of Statistics 2008. Quoted in: Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>37</sup> ICRC, June 2009 – Gaza, 1.5 Million People Trapped in Despair.

Food aid represents an additional source of food for approximately 1.1 million people in the Gaza Strip.

### Tunnel trade in the Gaza Strip

Despite the substantial reduction in the imports of food to Gaza, the overall availability of staple foods in the Gaza market was maintained owing to an increase in the transfer of food products through the tunnels under the border with Egypt<sup>38</sup>. These tunnels, largely regulated by the Hamas authorities, have allowed the entry of goods that would otherwise be unavailable. This includes construction materials, livestock, fuel, cash, and food products. Staple food smuggled in the tunnels is generally of lower quality than imported food.

Despite the heavy Israeli bombardment of the border area between Rafah and Egypt during the offensive at the end of 2008, and the many airstrikes after the offensive, the number of commercial tunnels<sup>39</sup> seems to exceed 1,000. However, tunnel owners interviewed in September 2009 reported that their tunnels are currently operating at near 50% of their capacity, possibly as a result of increased competition (greater number of tunnels) and reduced number of clients (decreased purchasing power). Some 16% of Gazan wholesalers interviewed reported dealing with smuggled food from tunnels, indicating an increased informality of the market structure in the Gaza Strip<sup>40</sup>.

### **3.1.3 – Prices of food and other basic necessities**

#### Evolution of prices in the past years

The Consumer Price Index (CPI) is the official measure of inflation in the oPt, through monitoring of the cost of a basket of food and non-food goods and services<sup>41</sup> purchased by an average household of 2 adults and 4 children. Food makes up almost 38% of the CPI, making it a key determinant of inflation in the oPt.

The CPI has risen rapidly since 1997, with the highest rates exhibited between 2005 and 2008. The Food Consumer Price Index (FCPI) has been rising similarly. Between June 2007 and June 2008, the FCPI increased by 21% in the West Bank and 28% in the Gaza Strip. The Transport Price Index (TPI) also rose. The acceleration of both the FCPI and the TPI reflect the sharp increase of food and fuel prices on the international markets at the end of 2007/early 2008. However, the trade restrictions imposed by Israel and associated increase in transport costs have a comparatively larger effect on food prices in the oPt, especially in the Gaza Strip.

**Table 1 – Evolution of the Consumer Price Index, Food Price Index and Transport Index between 1999 and 2009**

	1999	2002	2005	2006	2007	2008	Est. 2009
<b>Consumer Price Index</b>	119.9	131.9	146.8	152.3	156.4	171.9	174.0
<b>Food Price Index</b>	119.3	123.8	137.3	143.9	150.8	176.8	180.5
<b>Transport Index</b>	117.6	160.9	189.5	200.1	202.5	218.7	209.5

Source: Madi A., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – *The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft.* Al-Sahel Co. for Institutional Development and Communications.

<sup>38</sup> OCHA, August 2009 – Locked In: the Humanitarian Impact of the Two Years Blockade on the Gaza Strip.

<sup>39</sup> Commercial tunnels are used only for food, fuel, medicines and basic necessities.

<sup>40</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – *The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft.* Al-Sahel Co. for Institutional Development and Communications.

<sup>41</sup> The basket includes food and beverages, clothing and footwear, housing, furniture and household goods, medical and health care, transportation, communication, recreation, education and other miscellaneous goods and services.

Food price increases have significantly worsened the food security situation of households in the oPt, particularly in urban areas, due to the high share of household expenditures on food: 49% in the West Bank and 56% in the Gaza Strip (see Section 3.2.2). In 2008, the price of wheat flour increased by about 140%. While wheat flour price started to fall early 2009, the price of rice kept rising. The prices of meat and milk kept increasing since 2006, mainly following international trends.

In the West Bank, the CPI and the FCPI continued to increase between the first and second half of 2008 despite the decrease of prices on international markets (overall increase of CPI of 5.5% for 2008). Most households (97%) in the West Bank reported being affected by a rise in food prices during the second half of 2008. The downturn of food CPI early 2009 (-3%) is an encouraging improvement. However, while the prices of main staple food commodities have decreased, they remain significantly higher than their long-term averages<sup>42</sup>.

In the Gaza Strip, the FCPI increased faster than in the West Bank mainly due to the increased restrictions and the Israeli offensive at the end of 2008, and did not decrease during the first half of 2009 (+ 1.4%). Overall, the FCPI rose by 33% between May 2007 and May 2009, as a result of the international food prices increase and the import restrictions.

#### Market integration

A market integration analysis conducted in October 2009 by correlating the prices of 25 basic food commodities across West Bank and Gaza Strip markets in relevant governorates<sup>43</sup> showed that food markets in the oPt are strongly integrated particularly for wheat flour, corn oil, sugar, rice and beef, which are almost entirely imported and have no or little substitutes. On the other hand, markets for poultry, red meat, dairy products, cucumbers, greenhouse tomatoes and olive oil, which are locally produced and consumed and subject to different cost factors, are less clearly integrated.

#### Palestinian National Authority price policies

The PNA through the Ministry of Agriculture and the Ministry of Economy and Trade is regulating food markets, especially in the Gaza Strip. The following strategies have been adopted to stabilize prices of imported staple foods and increase accessibility of the Gazan consumers to these foods<sup>44</sup>:

- regular daily monitoring of the flow of imports and spot-checks to importers' and wholesalers' warehouses;
- encouragement and incentives for traders to import specific food commodities deemed to be in short supply (e.g. wheat, sugar, rice);
- price control policy for staple foods, particularly bakery bread<sup>45</sup> and to a lesser extent wheat flour.

#### Recent factors affecting prices

The various restrictions that impair food production (crops, animal raising) and fishing and increase transportation costs have raised the cost of local food. The increase of wholesale prices

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<sup>42</sup> FAO & WFP, August 2009 - Socio-Economic and Food Security Survey Report, West Bank.

<sup>43</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>44</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>45</sup> In the Gaza Strip, a 3-kg flat bread (daily amount needed for an average family) costs NIS 7. Wheat flour is provided by the various mills at Ministry of Economy and Trade's controlled price.

index of different locally-produced commodities began in 2000, well before the jump in global food prices. A large part of the increase can be attributed to higher transportation costs due to the closure regime. This also shows in the differences between the West Bank and the Gaza Strip, and between governorates within the West Bank. Prices are higher in the southern governorates (Bethlehem, Jericho, Hebron) compared to the northern governorates (Jenin, Tulkarm, Qalqilya, Nablus) and the highest in Ramallah.

On the other hand, decreased households' demand is also a significant factor decreasing market prices. In 2006, the withholding of PNA salaries had a marked effect on lowering prices.

Decreased international food prices in 2009 contributed to a similar price decrease in the West Bank, though they remained above past averages. Adverse climatic events at the beginning of 2009 as well as during the winter 2007/2008 season have affected agricultural production and contributed to relatively high prices of local products<sup>46</sup>.

Food aid may be affecting the prices of wheat flour on the markets in Gaza especially, considering that almost 30% of Gazan traders indicated that they consider food aid when setting their prices. This result differs from the market study conducted in 2006 which did not show a clear effect of food aid on market prices<sup>47</sup>, and highlights the need for close monitoring of market food prices.

According to the majority traders interviewed in September 2009, the main factors affecting prices of food on the local markets included:

- increase in global food prices (95% of traders);
- closure of the Gaza Strip (95% of traders);
- exchange rate fluctuation of the US dollar (91% of traders);
- checkpoints and Israeli restrictions on movement (82% of traders);
- increase in shipping/transport costs (76% of traders).

### **3.1.4 – General factors limiting market performance**

#### Competitiveness of oPt goods and tariffs

The Paris Protocols adopted in 1994 were originally intended to diversify the Palestinian external trade and internal markets. However, it entails some important limitations<sup>48</sup>, such as:

- it does not address the wide range of subsidies and other non-tariff barriers that benefit some Israeli sectors and products, effectively putting the Palestinian industry and agriculture at high disadvantage;
- although it calls for free movement of goods between Israel and the oPt, such movement has been restricted, thereby limiting the quantities of Palestinian goods exported through Israel and interrupting the smooth flow of imports; it is estimated that Palestinian companies pay 30% higher transaction costs than Israeli companies for identical export shipments.

Furthermore, under the Paris Protocols Israel is applying a policy of protective tariffs on agricultural products and inputs that also applies to the oPt. Import tariffs range from 100-350%, resulting in significantly higher prices in the West Bank and the Gaza Strip than world market prices for many products and inputs.

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<sup>46</sup> FAO & WFP, August 2009 - Socio-Economic and Food Security Survey Report, West Bank.

<sup>47</sup> WFP, June 2006 – Market Assessment of the Occupied Palestine Territories. Quoted in: WFP & FAO, January 2007 – West Bank and Gaza Strip: Comprehensive Food Security and Vulnerability Analysis.

<sup>48</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.



Traditionally, the PNA has maintained a minimum regulatory role on the marketing of fruits and vegetables in the oPt. While this remains largely the case in the West Bank, the Ministry of Agriculture and Ministry of Economy and Trade in Gaza have introduced a protectionist policy by imposing restrictions on the imports of fruits and vegetables from Israel. The Hamas government has also made efforts to encourage private investment in the agricultural areas of the evacuated Israeli settlements<sup>49</sup>.

#### Movement restrictions and transportation costs

The physical and administrative restrictions imposed to the oPt significantly constrain the movement of people and goods across the border with Israel, between the West Bank and the Gaza Strip, and within the West Bank. As a result, the cost of trading has increased. Trade has also been curtailed in East Jerusalem, previously a main economic hub for Palestinian businesses.

Even before the Hamas takeover, it took a West Bank firm about 10 days to clear customs, and a Gazan firm 30 days. It also took as many as 30 days for goods destined to the West Bank, and 60 days for goods destined for Gaza to clear. In comparison, goods imported by Israeli firms cleared customs within a day or two.

In addition, Palestinians are dependent on Israel for access to international markets. Both the deteriorating security situation and changes in the Israeli economy have reduced the market for traditional Palestinian goods<sup>50</sup>.

Some 17% of traders interviewed in September 2009 reported that the delivery time had increased as a result of the Israeli measures in the last 2 years, while 52% of traders reported an increase in the transportation cost and 73% an increase in the number of competitors as direct and indirect result of the closure respectively. Transportation costs represent more than 70% of traders' marketing costs, showing the gravity of the increase in transport costs on consumer prices<sup>51</sup>.

#### Market chain and concentration

In 2007, some 17,650 food traders operated in the oPt, of which 4% were wholesalers and 96% retailers. Close to  $\frac{3}{4}$  of the food wholesalers and more than  $\frac{2}{3}$ <sup>rd</sup> of the retailers worked in the West Bank<sup>52</sup>. The degree of market concentration depends on the commodity:

- the sugar market is the most concentrated, as it is largely controlled by one importer who is the exclusive oPt agent for one of the world's largest refineries;
- the wheat flour market is less concentrated as it has a larger number of importers that deal with the same suppliers in Israel;
- the rice market is the least concentrated of all markets due to a much larger number of importers and more diversified sources of rice.

Despite being a cause of concern from a food security market performance perspective, the high level of concentration is to be expected given the oPt's comparatively small market size on the

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<sup>49</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>50</sup> The World Bank, 2008: An Analysis of the Economic Restrictions Confronting the West Bank and Gaza.

<sup>51</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>52</sup> Palestine Central Bureau of Statistics, 2008 – Population, Housing and Establishment Census 2007. Economic Establishments: Main Findings. Quoted in: Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

one hand, and the large amount of bureaucracy, complexity of import procedures and uncertainty with which Palestinian traders have to deal on the other hand<sup>53</sup>.

Vegetables and fruits, the main food items produced and commercialised, rely heavily on commercial wholesalers for selling, implying less income for farm producers and increased cost for consumers. There are little direct sales from farmers to retailers and consumers. Prices of exported vegetables are largely determined by demand and supply conditions in the Israeli markets. Exporters' buying decisions can have a substantial influence on local prices of export vegetables in low production periods: prices can sometimes more than double locally, putting them beyond the economic reach of Palestinian consumers. Importers are generally price-takers with limited negotiation margin.

#### Access to credit for producers and traders<sup>54</sup>

Farmers typically obtain credit from wholesalers or suppliers of agricultural inputs to purchase the inputs needed for cultivation. Repayment is usually done after harvest, in-kind to wholesalers and in cash to input suppliers.

Most wholesalers do not purchase on credit. However, they extend forward credit to retailers, depending on their commercial and personal relations, and their level of immediate need for cash. Retailers, in turn, provide credit to their customers (see Section 3.2.1).

Changes in credit practices were reported since 2007, especially in the Gaza Strip. Israeli suppliers have reduced the credit extended to West Bank importers (24% reported such a decrease). They have stopped extending credit altogether to Gaza importers since June 2007 and demand advance payments. Importers, in turn, have tightened credit to wholesalers, while wholesalers have reduced forward credit to retailers. However, it seems that, overall, traders in the oPt have sufficient access to credit to sustain financing their business operations, despite substantial reductions.

#### Level of food sales

The number of clients of wholesalers and retailers in the oPt has decreased since 2007, particularly in the Gaza Strip (44% less clients, versus 36% less in the West Bank). These losses reflect in lower sales.

**Table 2 – Changes in the number of clients of oPt traders in 2009 compared to 2007**

Territory	Type of traders	Number of clients		
		Increased	Decreased	Same
West Bank	Retailers	18%	47%	35%
	Wholesalers	29%	41%	30%
Gaza Strip	Retailers	16%	56%	28%
	Wholesalers	18%	66%	16%
oPt	Retailers	18%	49%	33%
	Wholesalers	25%	50%	25%
	<b>Total</b>	<b>20%</b>	<b>49%</b>	<b>31%</b>

<sup>53</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>54</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

More than ¾ of traders surveyed reported a decrease in their sales volume as a direct result of the Israeli's control measures, especially in the Gaza strip (86%). The magnitude of reductions in sales ranged between 29% and 48%, with Gaza accounting for most sales reductions.

**Table 3 – Changes in the volume of sales of oPt traders in 2009 compared to 2007**

Territory	Volume of sales		
	Increased	Decreased	Same
West Bank	15%	73%	13%
Gaza Strip	7%	86%	6%
<b>oPt</b>	<b>14%</b>	<b>75%</b>	<b>11%</b>

The most important reasons mentioned by the majority of traders to explain the decrease of sales volume included:

- depressed households' purchasing power (all traders);
- closure of the Gaza Strip (96% of traders);
- increase in food prices (91% of traders);
- Israeli restrictions on movement and commercial trade routes (85% of traders);
- increased competition caused by new entrants (80% of traders);
- food aid (78% of traders).

#### Levels of traders' food stocks

Compared to before 2007, decreases in stock levels by an average of 52% were mostly reported by Gaza retailers and wholesalers (73%). Less than 40% of West Bank traders mentioned a reduction of their stocks.

Generally, West Bank traders reduced their stock levels of staple food items due to the increase in global prices of these commodities. Gaza traders reduced their stocks not only for the same reason but also because of households' depressed demand for these commodities related to increased amounts of food aid distribution following the imposition of the blockade and the aftermath of the war at the end of 2008.

#### Specific market hindrances in the West Bank

As of June 2009, there were more than 600 closure obstacles raised within the West Bank. Many West Bank inhabitants are thus forced to use inferior roads and longer travel distance, which affects trade. Trade and business activities have been curtailed within, between and outside the oPt. Specifically, increasing restrictions have:

- fragmented the market and created a land-locked economy;
- raised the cost of inputs and equipment, and transaction costs;
- decreased exports, as prices of Palestinian goods are less competitive;
- increased time wasted taking less efficient alternative routes (West Bank);
- reduced utilization of the current truck fleet; and
- prevented accurate planning and efficient use of resources<sup>55</sup>.

High transport costs, shipment delays and the high probability of outright closures make shipment both within and outside the West Bank extremely risky. While the 6 planned commercial crossing points in the Barrier and some smaller crossings in the West Bank are either operational or near completion<sup>56</sup>, a series of difficulties persist:

<sup>55</sup> The World Bank, 2008: An Analysis of the Economic Restrictions Confronting the West Bank and Gaza.

<sup>56</sup> The 6 commercial Terminals operational as of October 2009 are: Bisan (exclusively for exports of agricultural produce from the Jordan Valley), Al-Jalameh (Jenin), Al-Taybeh (northern West Bank), Betunya (for goods to, or from, Israel and East Jerusalem), Tarqumiya (close to the port of Ashdod), and Mazmouria (close to the cities of Bethlehem and Jerusalem). According to the Israeli government, "the introduction of the terminals across the Barrier route will result in reducing the number of roadblocks and barriers within the

- goods undergo lengthy inspections by Israeli security personnel, before they are transferred from Palestinian to Israeli trucks (or vice versa) in order to continue their journey; time spent at crossing points can increase by at least 15% the cost of shipping goods;
- limiting working hours at the terminals and uncertainty on their opening effectively limit available daily crossing hours;
- substantial damages to goods are incurred when they are cross-loaded or manually inspected;
- there are no facilities for cold storage for perishables.

The market survey conducted in 2009 indicated that some routes between East Jerusalem and the West Bank that bypass commercial crossing remain accessible and heavily used by Palestinian traders. These routes, however, should be unavailable to Palestinian trade once the Barrier is complete<sup>57</sup>.

Imports from Israel to the West Bank seem less affected, other than by the increased transport costs owing to international rise of fuel prices, implying lesser restrictions on inspections of imports compared to exports at the commercial crossings. Rather, importers are facing problems with reduced consumer demand for fruits and vegetables (see Sections 3.2.1 and 3.3.1).

Besides closure-related difficulties, West Bank traders also reported problems related to increased competition (27% of traders) and low consumers' purchasing power (29% of traders).

#### Specific market hindrances in the Gaza Strip

In Gaza, the blockade has provoked the collapse of the economy. Some 45% of traders interviewed in 2009 identified closure-related costs among the top factors they consider when setting prices (compared to 18% of West Bank traders). According to an August 2009 review by PalTrade<sup>58</sup>:

- no exports have been allowed from Gaza with the exception of 138 truckloads carrying agricultural produce (cut flowers, strawberries) destined for sale in Europe through Israeli marketing companies (compared to 70 truckloads daily between 2005 and May 2007);
- current imports are around 25% their pre-closure levels;
- imports are restricted to 35 types of goods, most of which are staple foods (compared to 4,000 types of goods before the blockade);
- the operational performance of Gaza crossings is unpredictable, causing a lot of uncertainty to traders;
- imports of industrial and commercial fuel and cooking gas have been unreliable.

The Israeli "Cast Lead" Operation at the end of 2008 further damaged an estimated 1,500 factories, shops and markets and losses to the Palestinian economy were estimated at about US\$2 billion<sup>59</sup>.

Almost 30% of Gazan traders indicated that food aid availability is a key factor they consider when setting prices. This result suggests that food aid may be affecting markets quite substantially, through depressed demand for wheat flour. On the other hand, it also plays a role in stabilising prices at relatively low levels in an environment extremely volatile and subject to speculation.

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*Gaza Strip and the West Bank, alongside the construction of new terminals and crossing points between Palestinian-controlled areas and Israel*<sup>7</sup>.

<sup>57</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>58</sup> PalTrade, August 2009 – Special Report: Gaza Strip, Two Years Under Siege. Quoted in: Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>59</sup> Palestinian Red Crescent Society report, 2009. Quoted in: ALNAP: Deepening Crisis in Gaza: Lessons for Operational Agencies, February 2009

Cash entry has also been restricted and shortages have been reported by most of the 43 banks in Gaza throughout 2008. Since mid-2009, the Israeli authorities have allowed regular shipments of NIS 50 million, enabling the resumption of commercial bank operations. Shortages remain, however, in US dollar and Jordanian Dinar notes, which are also used for business transactions.

Generally speaking, traders in the Gaza Strip experience higher levels of risks and transaction costs, larger reductions in households' effective demand, and lower access to credit facilities than West Bank traders. The depressed state of the economy in the Gaza Strip has forced many Gazans in the informal marketing sector, which has caused a drop of income of many traders, especially retailers.

### **3.2 – Food access and livelihoods**

Given limited own food production capacity, Palestinian households' food access is determined by:

- their purchasing power determined by their income-earning activities (income level versus market food prices), and
- the possibility to receive external transfers including remittances, food aid and cash assistance.

The level of income is determined by: (i) the type of employment available - which governs the level and stability of income, and (ii) the possibilities to produce and sell goods or services. Prices of food and other necessities are influenced by the international context and by Israel's closure practices. Access to transfers depends on the status of the households (refugees, non-refugees) and extent of kinship and other social networks within and outside the oPt and overall income trends.

Livelihood assets influence households' capacities to produce food and other goods or services, obtain employment, and receive transfers. Livelihood strategies reflect the use of these livelihood assets to generate or receive food and income, and to cope with production, economic and social shocks. In the oPt, these strategies are heavily conditioned by the conflict and political context, in particular the severe limitation of mobility of Palestinians within (West Bank) and outside (both West Bank and Gaza Strip) the territories.

#### **3.2.1 - Livelihood assets**

##### Human assets and services

In 2008, the oPt ranked 106<sup>th</sup> out of 179 countries on the basis of their Human Development Index, which captures 3 dimensions of human development: life expectancy, education (adult literacy and enrolment at school), and living standard (purchasing power parity and income).

##### *Demographic situation*

The population in the oPt is young, with more than 40% composed of children below 15 years of age and 66% below 30 years of age. The growth rate (3.4% per year) has been faster than economic growth, contributing to the impoverishment of the population. More than 70% of the population were living in urban areas in 2006.

According to the Palestinian Central Bureau of Statistics, the average family size is 5.5 members in the West Bank and 6.5 in the Gaza Strip<sup>60</sup>. The average number of births is 4.6 per woman in the West Bank and 5.2 in the Gaza Strip. Food insecurity in both the West Bank and the Gaza Strip was associated with larger families and higher dependency ratio: food insecure households hosted on average 6.3 to 6.7 members versus 4.7 in food secure households.

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<sup>60</sup> Palestinian Central Bureau of Statistics, 2009 – On the Eve of International Population Day, 11 July 2009.

Around 9% of households are female-headed (10% in the West Bank and 9% in the Gaza Strip). They generally have a smaller family size than the others (3.5 members versus 6.5 for male-headed households)<sup>61</sup>. In both the West Bank and the Gaza Strip, female-headed households and households with a larger number of female (and children) members were more likely to be food insecure than male-headed households and households with less female (and children) members. This may be due to the lower female employment rate (see Section 3.2.2).

#### *Health situation*

Life expectancy in the oPt is about 73 years.

The 2006 Palestinian Family Health Survey<sup>62</sup> reported an Infant Mortality Rate of 25.3 per 1,000 live births, higher in the Gaza Strip (28.8) than in the West Bank (22.9) but well below the Middle Eastern regional average of 56 per 1,000 live births<sup>63</sup>. Under-5 Child Mortality Rate was 28.2 per 1,000 live births, also higher in the Gaza Strip (31.8) than in the West Bank (25.8). These values are low but they have not improved since the period 2002-2006. Lack of 24-hour access to health services, specialized staff and advanced neonatal technology contribute to the absence of improvement in infant mortality. In the Gaza Strip, contamination of water with nitrates is also believed to contribute to severe anaemia and infant mortality.

On the other hand, maternal mortality rates among refugees have increased from 2.5 per 10,000 live births in 1996 to 6.7 per 10,000 in the West Bank and a high 21.3 per 10,000 in the Gaza Strip in 2006<sup>64</sup>. This is despite the fact that practically all women seem to receive antenatal care and give birth at a health institution.

Differences in health indicators among Palestinian refugees in the West Bank and the Gaza Strip are explained by the fact that West Bank residents have some level of access to Israeli health services of higher quality, and by the much more frequent shortages of medical supplies, fuel and electricity in the Gaza Strip which have led to dysfunctions in the provision of health care. Almost 40% of hospitals in the oPt were supervised by non-governmental organizations in 2008, with the Ministry of Health supervising almost 1/3<sup>rd</sup> and the private sector 28%. PNA employees benefit from government health insurance but the rest of the population is not fully covered (76% health insured in the West Bank in 2007)<sup>65</sup>.

Although routine immunization coverage above 97% have been maintained for the past years, military operations, movement restrictions and recurrent power shortages pose a major threat to the immunization programme and could reverse these achievements<sup>66</sup>, especially in the Gaza Strip. Tuberculosis and HIV/AIDS have a low incidence.

In the West Bank, the Government of Israel controls the location of certain types of polluting infrastructure, such as sewage treatment or landfills. The inability to obtain permits to locate these away from the population creates risk from health and safety hazards due to obsolete or inadequate installations. The same constraints lead some industries to establish polluting or dangerous plants in towns<sup>67</sup>. In the Gaza Strip, diseases associated with poor environmental

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<sup>61</sup> UNICEF, 2009 – Overview Health and Nutrition, Occupied Palestinian Territory.

<sup>62</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

<sup>63</sup> UNICEF, 2009 – Overview Health and Nutrition, Occupied Palestinian Territory.

<sup>64</sup> WHO, 2009 – Health Conditions in the Occupied Palestine Territory, including East Jerusalem and in the Occupied Syrian Golan. 62<sup>nd</sup> World Health Assembly, A62/INF.DOC./2, 14 May 2009.

<sup>65</sup> Palestinian Central Bureau of Statistics, 2009 – On the Eve of International Population Day, 11 July 2009.

<sup>66</sup> UNICEF, 2009 – Overview Health and Nutrition, Occupied Palestinian Territory.

<sup>67</sup> The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

health are a threat, particularly water- and food-borne infections such as acute hepatitis and typhoid<sup>68</sup>.

With the exception of patients in need of lifesaving treatment, crossing points in Gaza have largely been closed since June 2007. Operation Cast Lead launched by Israel in December 2008 resulted in the deaths of some 1,450 people, 5,400 injured and over 50,000 displaced. The health sector in the Gaza Strip was already on the verge of collapse before the Israeli offensive, due to a combination of institutional issues (internal conflict between Fatah and Hamas factions over health services), lack of equipment and supplies, and low quality of services delivered. As a result of the military operation, about half of the health facilities (41 public health clinics), 5 hospitals and 29 ambulances were either damaged or destroyed<sup>69</sup>. The large influx of drug donations had only a moderate impact on the medical stock levels mainly due to the delivery of massive amounts of non-essential items, much of them with short expiry dates. Concerns arose over the type of drugs and other supplies distributed by aid agencies early 2009 and a supply-driven approach that overlooked management and health surveillance requirements<sup>70</sup>.

#### *Water situation*

Even though access to improved drinking water sources is widespread within dwellings in urban areas (around 90%), in practice it remains problematic in the oPt. Less than half of rural households have access to piped water within their homes.

According to the Palestinian Water Authority, about 1/3<sup>rd</sup> of West Bank localities (some 9% of the population) have no access to water, with many of these in Area C under Israeli control. In 2006, most West Bank households (80%) received their water from the public network. Average daily per capita water consumption is only about 50 litres per capita per day, a shortfall of about 100 litres/capita/day from the WHO worldwide target of 150 litres. System losses are estimated at 40% of supply, a very high level.

In the Gaza Strip, while water supply is theoretically available, the majority of wells (80%) are only working partially and the rest not at all. In 2006, almost half of Gazan households were buying their water. The per capita daily consumption is only 78 litres per capita per day. Moreover, water quality is poor (around 80% of the water does not meet WHO standards for safety), system losses are at a similarly high level as in the West Bank, and supplies are unreliable. Before the December 2008 Israeli offensive, over half of the population of Gaza city had access to water for a few hours once a week. The blockade has prevented entry of necessary spare parts, materials and equipment for the water and wastewater facilities and has resulted in the construction of new wells with poor water quality and quick aquifer deterioration from untreated sewage and intrusion of sea water.

The Israeli offensive in Gaza at the end of 2008 caused damage or destruction of 11 wells, 4 water reservoirs, 22 km of water pipes, and damage to the North Gaza Emergency Sewage Treatment plant. In addition, some 840 house water connections were destroyed and more than 8,800 roof storage tanks were damaged or destroyed<sup>71</sup>. These losses further compounded the problem of poor water quality and quantity as pumping stations were not running properly due to lack of power and access, and destruction of water wells.

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<sup>68</sup> WHO, 2009 – Health Conditions in the Occupied Palestine Territory, including East Jerusalem and in the Occupied Syrian Golan. 62<sup>nd</sup> World Health Assembly, A62/INF.DOC./2, 14 May 2009.

<sup>69</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>70</sup> ALNAP: Deepening Crisis in Gaza: Lessons for Operational Agencies, February 2009

<sup>71</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

Since June 2009, the Israel government allowed entry into Gaza of a small number of truckloads carrying goods previously prevented from entering, including limited construction, water and sanitation materials. However these remain well below the current level of needs for proper reconstruction and improvement of the pre-offensive situation. As of August 2009, some 10,000 inhabitants in northern Gaza and south-east of Gaza city still did not have access to running water due to lack of maintenance and upgrade materials<sup>72</sup>.

Consumption of contaminated water and restrictions in the amount of available water for cooking and hygiene is increasing the risk of diarrheal, parasitic and skin infections. In turn, frequent infectious diseases are increasing the risk of malnutrition among the most vulnerable groups, particularly the young children (see Section 3.3.3). As mentioned, in the Gaza Strip, high levels of nitrates in the water are believed to contribute to anaemia and infant mortality.

#### *Sanitation situation*

The 2006 Palestinian Family Health Survey<sup>73</sup> found that about half of the households have private sanitary facilities at their dwelling, use a public sewer system and use a cesspool for sewage disposal. Usage of a cesspool was more frequent in the West Bank (59% of households) than in the Gaza Strip (28%) while usage of public sewer was less widespread in the West Bank (40%) than in the Gaza Strip (64%). In the West Bank, only 5%-7% of wastewater is properly treated before being expelled into the environment.

The Israeli offensive in the Gaza Strip in December 2008 damaged or destroyed several sewage networks and pumping stations, and damaged the Gaza Waste Water Treatment Plant<sup>74</sup>. This worsened the already poor sanitation systems in the territory and increased ground water and sea pollution. As mentioned, the limited amounts of sanitation materials allowed in Gaza since June 2009 are insufficient to ensure proper repairs and improvements.

#### *Education services*

The majority of adult Palestinians are literate (92%). Literacy rates, particularly for females (88%), are the highest in the Arab world, however learning achievement rates are dropping. In the first semester of the 2007-08 school year, only 20% of sixth-graders in Gaza passed standardized exams in various topics<sup>75</sup>. In the West Bank, children and young people are prevented from reaching schools during curfews and periods of settler violence. As the economic situation deteriorates, a number also dropped from school in order to work to supplement household income. At least 30% of adolescents do not enrol in secondary school<sup>76</sup>. Access to universities outside Gaza is not possible for most students.

Of the 407 public and private schools in the Gaza Strip before the Israeli offensive at the end of 2008, about 170 were damaged and 10 destroyed. More than 20 university buildings were also damaged or destroyed. These destructions exacerbated the already profound insufficiency of schools in Gaza. Even before the conflict, most schools were operating on a double or triple shift basis to meet the needs of students, due to the lack of building materials<sup>77</sup>. Similarly as for water

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<sup>72</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of Two Year of Blockade on the Gaza Strip.

<sup>73</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

<sup>74</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>75</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of Two Years of Blockade on the Gaza Strip.

<sup>76</sup> UNICEF, 2009 – Overview Health and Nutrition, occupied Palestinian territory.

<sup>77</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.



and sanitation, the small amounts of education materials allowed by Israel into the Gaza Strip since the summer 2009 are insufficient to enable recovery and improvements.

Low education levels, particularly of the head of household, are associated with food insecurity. In the West Bank, the average years of education among members of food insecure households was 5.9 years compared to 8.2 years among members of food secure households. Only 17% of the heads of food insecure households had secondary education and above, compared with 45% of food secure heads of households<sup>78</sup>.

### Social assets

A number of villages in the West Bank and East Jerusalem located in the 'Seam Zone' - the military closed area between the Barrier and the 1949 Armistice Line (Green Line) - are cut off from the rest of the West Bank. As a result, these locations and their inhabitants are separated from friends, relatives and other relations living elsewhere. East Jerusalem in particular, which was traditionally the political, social and commercial centre of Palestinian life, is separated from its Palestinian satellite cities of Bethlehem and Ramallah, and the rest of the West Bank. The Barrier has also cut off from the city centre certain largely populated Palestinian neighbourhoods and satellite villages. Restrictions on circulation on certain roads also isolate some towns from villages within the West Bank.

In the Gaza Strip, the closure regime also prevents movements of Palestinians to, and from, the West Bank, hence severing links between families and friends living in the two territories.

While instrumental for many households who do not receive assistance from international organizations or for whom this assistance is insufficient, the resources of local charities have generally decreased since 2007-08 due to a combination of higher commodity and fuel prices and restrictions on entry of goods and cash (in the Gaza Strip). Also, many local charities have been shut down in both West Bank and Gaza Strip due to the political divide between Fatah and Hamas parties and have not been substituted by other service providers.

Despite these restrictions, support from friends and relatives remains a key mechanism contributing to the resilience of the Palestinian population to recurrent shocks. During the second semester of 2008, 18% of West Bank households listed family and friends as their first source of support, 27% as their second source, and 29% as their third source of support<sup>79</sup>. Transfers from family and friends within and outside the oPt were the source of income of 12% of food insecure households relying on just one source of income and 6% of food secure households.

### Natural and physical assets

#### *Housing*

In Area C of the West Bank, fully under Israel control, the few Palestinian dwellers are mainly farmers and herders who tend to fare worse than the general population in terms of social indicators, as they are under-served in public services and infrastructure, and denied permits to upgrade their homes or invest in agriculture and other businesses. By preventing urban areas from spreading into Area C, restrictions: (i) create artificial land scarcities which severely distort land markets, and (ii) limit the scope for municipalities and village councils to efficiently use the land at their disposal and meet the needs of their growing urban population (see Box 6)<sup>80</sup>.

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<sup>78</sup> FAO & WFP, August 2009 – Working Paper Series 1, Household Food Security Profiling, West Bank.

<sup>79</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>80</sup> The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

#### **Box 6 – The land issue in the occupied Palestinian territory**

Land is a crucial question in the creation of a Palestinian state and in the settlement problem. In addition to the seizure of large tracts of Palestinian land, the establishment and continuation of settlements is a major obstacle to peace in the oPt. Overall, 38% of total land area in the West Bank is reserved by the Government of Israel for settlements, military use, checkpoints or road closures (28%), and the Barrier (10%).

Restrictions on land and absence of property rights - an estimated 85% of the Palestinian land is not formally registered (In fact, the majority of unregistered land owners do not intend to register their ownership rights as incentives to do so are negative: registration is perceived as a bureaucratic and costly requirement that exposes private information) - also affect rural and urban planning and growth, causing irrational land use and unsound environmental management. Weak Palestinian Authority land administration also delays systematic registration and contributes to the high number of unresolved land disputes and insecurity.

The lack of registration also hinders farmers' access to formal bank loans, as they cannot use land as collateral.

*The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.*

Even though most Palestinian households own their dwelling (86%), ownership of house or apartment is jeopardized by insecure land tenure and, especially in the West Bank, unforeseen incursions by Israeli Defence Forces and evictions by settlers. In the West Bank, urban development is also severely constrained by the fact that much of the vacant private land is in Area C (under full Israeli control) and most municipal land in Areas A and B is already utilized and limited vacant plots claim very high prices. As a result, severe overcrowding is reported in smaller cities and villages and there is extensive informal urban growth outside municipal master plan areas. Much of this housing is sub-standard, poorly planned, exposed to demolition by the IDF and under-serviced<sup>81</sup>.

Food insecurity is linked to housing conditions, particularly in refugee camps: generally speaking, food insecure households are more likely to be refugees in camps, which lack proper housing and are often overcrowded.

In the Gaza Strip, housing development is constrained by the blockade on entry of construction material and equipment. Furthermore, large - though targeted - destructions of houses occurred during the Israeli offensive at the end of 2008. Over 11,500 houses were damaged and more than 3,500 destroyed, leaving more than 26,000 persons without homes and 75,000 displaced. Construction businesses were also damaged, causing a 70% loss in the sector's capacity<sup>82</sup>. The ban to the import of building materials has prevented the reconstruction of most of the destroyed and severely damaged houses, as well as the construction of 7,500 new housing units to cater for the rapidly expanding population. As of August 2009, about 20,000 displaced persons were still forced to rent apartments, live with relatives, in camps or in tents next to their damaged houses<sup>83</sup>. The situation of the latter may worsen in the coming winter if they are still in the same living conditions.

#### *Infrastructure and energy supply*

In Areas A and B of the West Bank, land fragmentation and building permit restrictions are reducing its availability for residential, industrial and public infrastructure development.

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<sup>81</sup> The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

<sup>82</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>83</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of Two Year of Blockade on the Gaza Strip.

In the Gaza Strip, the almost total blockade imposed since its takeover by Hamas in 2006 has led to a serious degradation in the infrastructure and basic services. At the end of 2007, the unique power plant in the Gaza Strip could produce, at full capacity, approximately 34% of the electricity demand<sup>84</sup>. About half of the demand is purchased from Israel and another 7% from Egypt, leaving an electricity deficit of about 8%. Increased closure regime and subsequent restrictions in amounts of fuel decreased the operational capacity of the power plant and worsened the electricity deficit to 15-20% of the demand at the end of 2008. The ensuing frequent water and electricity cuts have affected domestic water supply, irrigation systems and sanitation as well as the functioning of equipment in health services and factories (e.g. bakeries).

The Israeli offensive in Gaza in December 2008 caused large destruction of infrastructure and utilities including buildings, roads, bridges (3), fishing ports (2), the Rafah International Airport, electric power, and water supply and sanitation systems. As of August 2009, 90% of the Gazan population experienced scheduled electricity power cuts of 4-8 hours a day, while the remaining 10% had no electricity supply at all due to the lack of repair and maintenance materials. However, in response to the restrictions, the transfer of fuel and cooking gas through the tunnels under the border with Egypt increased, making them available on the open Gaza market at relatively low prices<sup>85</sup>.

#### *Agricultural land, livestock and equipment*

- West Bank

The impact of the West Bank Barrier has been particularly severe on Palestinian rural communities due, in part, to the destruction of trees, crops and irrigation systems. In addition, the intrusive route of the Barrier through 8 of the 11 West Bank governorates isolates the farms, greenhouses, grazing lands and water resources of thousands of farmers<sup>86</sup>. Almost 15% of West Bank agricultural land will be lost once the construction of the Barrier is complete.

Accessibility and the value of some vacant land for agriculture in Areas A and B of the West Bank have been reduced by reserved roads for settlers and development of settlements in close proximity or directly adjacent to Palestinian towns, and this land is now separated from the centres of economic life. Access to land is also constrained by security threats, due to military activity by the Israeli Defence Force and settler violence. Between 1987 and 2005, the settler population grew by over 150% (reaching 461,000 persons in 2007) and the land area controlled by settlements by more than 400%<sup>87</sup>. The division of the territory into areas with inflexible borders and different access and land use possibilities creates a thoroughly fragmented land market with exaggerated price differentials.

In the agriculturally-rich Area C of the West Bank (59% of total land), fully under Israeli government control, any development (including construction or building) is subject to Israeli permission. Recurrent destruction of trees, private homes and public infrastructure, as well as settlers' encroachments on this land create a permanent state of insecurity that deters Palestinian investment<sup>88</sup>. As a result, economic activity in Area C is limited to low intensity agriculture.

Entrance and movement of agricultural inputs and machinery are also restricted in the West Bank (and the Gaza Strip). Gates of the West Bank are often closed at important times during the

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<sup>84</sup> OCHA, 15 December 2008 - The Impact of the Blockade on the Gaza Strip. Gaza Humanitarian Situation Report.

<sup>85</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of Two Year of Blockade on the Gaza Strip.

<sup>86</sup> OCHA, July 2009 – Five Years After the International Court of Justice Advisory Opinion. A Summary of the Humanitarian Impact of the Barrier.

<sup>87</sup> OCHA, July 2007 – Quoted in: The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

<sup>88</sup> The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

agricultural season and crops needing regular tending cannot be grown. Production has been reduced as a result.

Data covering the second quarter of 2008 indicated that a quarter of West Bank households owned agricultural land and 5% owned livestock. While a higher proportion of rural households owned land (39%), a significant share of urban households also did (21%). However, only 6% of refugees in camps owned land<sup>89</sup>.

Most agricultural land owners in the West Bank were distributed in the governorates of Hebron (23%), Nablus (17%), Ramallah and Al Bireh (15%), and Bethlehem and Tulkarem (9% each). However, at governorate level, the relative share of agricultural land owners was higher in Salfit (37%), Tubas (32%), Tulkarem (29%) and Jenin (28%).

The average size of agricultural land in the West Bank was larger in the central governorates (1.6 ha or 16 *dunums*), followed by northern governorates (1.3 ha) and southern governorates (1.1 ha). Because of the West Bank Barrier, many Palestinians cannot easily reach land on the western side. Getting permits to cross is very difficult and only landowners and first-degree relatives are typically allowed access.

Besides farmers, pastoralists are also affected by loss of land access and restriction of freedom of movement. Of the 1,500,000 *dunums* of existing grazing lands in the West Bank, 85% are closed to Palestinians as a result of Israeli settlements or military areas and the Barrier. As a result, only 225,000 *dunums* are available for the grazing of sheep and goats. Furthermore, more than half of the estimated 25,000 Bedouins – semi-nomadic people who traditionally rely on herding and farming as their main sources of livelihood – are concentrated in Area C of the West Bank and thus face major planning restrictions for construction (including water sources, houses and agricultural shelters). Insufficient land for pasture forces them to buy expensive fodder to feed their animals and they get heavily indebted as a result. Drought further threatens the viability of pastoralist livelihoods. Important coordination efforts involving the PNA, UN and NGOs, address recurrent agricultural droughts and long term water scarcity.

- Gaza Strip

In the Gaza Strip, access to land is prevented in the Buffer Zone that runs along the border with Israel with a width of circa 300 meters. Farmers living near the border fence have seen their greenhouses, orchards and fields destroyed, and access in the Buffer Zone further curtailed. Safety to cultivate land is also jeopardized by tensions between Fatah and Hamas. Water pumps for irrigation are available in small number and cannot be repaired for lack of spare parts (not allowed to enter). This situation constrains cultivation of high value productions such as fruits, vegetables and flowers. Fertilizers and pesticides are also in short supply due to the closure regime, and their prices have sharply increased.

The Israeli offensive at the end of 2008 in the Gaza Strip caused the destruction of crops, gardens, green houses and fruit trees on an estimated 15% of total cultivated area. Livestock and poultry farms were also destroyed, as well as irrigation networks and other productive agricultural assets<sup>90</sup>. Around a third of all arable land in the northern, eastern and southern parts of the Gaza Strip is subject to access restrictions following this latest conflict.

#### *Sea and fishing equipment*

Access to sea is possible to Palestinians living in the Gaza Strip but fishing waters was reduced from 6 to 3 nautical miles, resulting in marked over-fishing in the remaining waters and depletion of fish stocks. Fishing distance was further reduced to 2-3 nautical miles after the Israeli offensive

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<sup>89</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>90</sup> Palestinian National Authority, March 2009 – The Palestinian National Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

at the end of 2008. These restrictions affect about 3,500 households relying on fishing for their income. Water pollution due to discharge of untreated sewage into the sea further limits safe fishing grounds.

Fishing boats, when available, also cannot operate at their full capacity due to shortage and high cost of fuel. Fishers' livelihoods are further at risk as a result of being subjected to import restrictions of entry of cooking gas by the Israeli authorities. Cooking gas is used for lamps to fish sardines. Shortage of cooking gas decreases sardines catch and result in lower quantities available in the market. Furthermore, fishing equipment is in short supply.

#### *Domestic assets*

According to the Palestinian Central Bureau of Statistics, more than 90% of households owned an electric refrigerator, gas stove, washing machine and television in 2008. A low proportion had access to central heating in the West Bank and even less in the Gaza Strip<sup>91</sup>.

The Palestinian Family Health Survey of 2006 reported that 1/3<sup>rd</sup> of households owned a computer and 1/5<sup>th</sup> owned a private car. Overall, households in the West Bank had more durable goods than in the Gaza Strip<sup>92</sup>.

#### Financial/economic assets

#### *Poverty levels*

The poverty rate increased sharply after the second Intifada in 2000. Based on consumption levels, in 2007 almost 1/4<sup>th</sup> of households were poor in the West Bank and 52% in the Gaza Strip. Based on income levels (excluding remittances and food aid), 34% of households were living in deep poverty in the West Bank and 70% in the Gaza Strip (see Box 7).

#### **Box 7 – How is poverty estimated in the occupied Palestinian territory?**

Poverty methodology reported here is the official definition of poverty developed in 1997 by the Palestinian Central Bureau of Statistics (PCBS). The definition combines absolute and relative features and is based on a budget of basic needs for a family of 6 persons (2 adults and 4 children). Two poverty lines have been developed according to actual spending patterns of Palestinian families. The first, termed "deep (absolute) poverty line," was calculated to reflect a budget for food, clothing and housing (currently at 2,045 NIS/standard family/month). The second, termed "relative poverty line", adds other necessities including health care, education, transportation, personal care, and housekeeping supplies " (currently at 2,407 NIS /standard family /month). The two lines have been adjusted to reflect the different consumption needs of families based on their composition (household size and the number of children)<sup>93</sup>.

Given the low level of food production and self-sufficiency, most food and non-food essential needs must be covered by purchases. The above consumption level values are therefore good benchmarks to estimate economic access to food and to other basic needs.

Poverty is associated with:

- refugee status: a higher proportion of refugees in camps are poor (39%) than non-refugees (29%);
- food insecurity: a re-analysis of data collected by the Palestinian Expenditure and Consumption Survey in 2005 showed that the vast majority of the 20% poorest households (lowest income quintile) were food insecure (90%); approximately half of the 2<sup>nd</sup> lowest income quintile households were food insecure.

<sup>91</sup> Palestinian Central Bureau of Statistics, 2009 – On the Eve of International Population Day, 11 July 2009.

<sup>92</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

<sup>93</sup> PCBS – PECS 2008, the relative and absolute poverty lines were shared with WFP and FAO.

## Income levels

Per capita income in the oPt has sharply decreased since the start of the second Intifada. It is estimated to be nearly 40% less than its peak in 1999<sup>94</sup>. Income levels are depressed by the loss of jobs, particularly higher earning occupations in Israel (average wages earned by Palestinians in Israel are about 2/3<sup>rd</sup> higher than in the oPt), and of selling opportunities for farm produce and other goods.

Purchasing power obtained from income is also decreased by the artificial price distortion stemming from the Barrier and other restrictions to trade, and increased international prices of food and fuel.

Daily wages in the West Bank increased in 2008 compared to 2007 by almost 8.6%, while they decreased in the Gaza Strip by 7%<sup>95</sup>. Daily nominal wages are higher in the West Bank than in the Gaza Strip: respectively NIS 87 (USD24 at the average 2008 USD/NIS exchange rate of 3.65) and NIS 64 (USD18) in the 2<sup>nd</sup> quarter of 2009. Daily nominal wage is much higher in Israel and Israeli settlements, at NIS 146 (USD40) per day.

- West Bank

In the West Bank, average monthly nominal wages in 2008 reached NIS 2,241 for employed refugees and NIS 2,143 for employed non-refugees. In real terms (factoring a Consumer Price Index deflator of 1.21 in 2008), the average monthly wages were NIS 1,855 for employed refugees (USD508) and NIS 1,773 for employed non-refugees (USD486). Due to the acceleration in consumer prices in 2008, real monthly wages increased by only 1%. In fact, it increased by 7% for refugees but decreased by 1% for non-refugees. This vast difference stems from the much more rapid incorporation of refugees into the Israeli labour market in 2008, as the average wages in Israel were 54%-68% greater than in the domestic public and private sectors respectively<sup>96</sup>.

However, the Socio-Economic and Food Security Survey in the West Bank found that some 40% of households experienced a decrease in their total income in 2008 compared to 2007, especially refugees in camps<sup>97</sup>. It must be noted that in mid-2008, already 40% of West Bank households had reported a decrease of their total income compared to the beginning of the year<sup>98</sup>.

The Socio-Economic and Food Security survey confirmed the relationship between income levels and household food security. The average income of food secure households was about NIS 1,537/adult equivalent/month, almost 5 times as much as the average income of food insecure households (NIS 303/adult equivalent/month). Income level differences occurred also when both groups of households shared the same type of wage employment.

- Gaza Strip

In the Gaza Strip, the income levels of various livelihood groups decreased as a result of the blockade. The closure saturated the local market with previously exported agricultural products (mainly cut flowers, strawberries and cherry tomatoes), reducing the income of producers. Fishermen's income also decreased due to restricted fishing area. A further limitation to income levels in the Gaza Strip is the strict control and limitation to the entry of cash by the Israeli authorities, effectively limiting the ability of households to pay for their expenses.

While nominal daily wages increased by about 7% in the first semester of 2009, real wages have decreased by 5% (NIS 53). One fifth of food insecure households reported a decrease of their income after the recent Israel offensive, mainly due to the loss of wage income. Humanitarian

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<sup>94</sup> The World Bank, June 2008 – Economic Developments and Prospects. Occupied Palestinian Territory.

<sup>95</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank

<sup>96</sup> UNRWA, June 2009 – The West Bank Labour Market, 2007-2008. A Briefing Paper. Draft.

<sup>97</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>98</sup> FAO/UNRWA/WFP Joint Rapid Food Security Survey in the Occupied Palestinian Territory, May 2008.

assistance only partially compensated for this loss. Income levels in Gaza had already decreased in 2008 as a result of the high food prices crisis.

The Socio-Economic and Food Security survey estimated the monthly income of food secure households at NIS 781/capita/month compared to NIS 157 for the food insecure, i.e. a same differential (5 times) as in the West Bank. Income levels of the food secure and marginally food secure groups were higher than their expenditures level, reflecting a better ability to save resources than food insecure groups.

Income levels did not seem to decrease much after the Israeli offensive, possibly because of the increased levels of humanitarian assistance and because their levels of income were already much decreased since the beginning of the blockade since mid-2007

#### *Remittances*

Despite the conflict situation, remittances from abroad picked up in 2006 and continued to grow in 2007<sup>99</sup>. By the end of 2007, US\$598 million in remittances were sent to the oPt, representing nearly 15% of its GDP. The average remittance per person reaches US\$149<sup>100</sup>. However, taking into account the effect of the global financial crisis, the volume of remittances in the oPt might decrease by 5 to 8% in 2009<sup>101</sup>. More specifically in the Gaza Strip, taken the time necessary to resume normal transfer operations combined with the impact of the global crisis, the volume of remittances may fall by over 20% in 2009<sup>102</sup>.

Remittances are used for consumption but also for investment opportunities. In the West Bank, with few profitable options in the productive sectors, much capital is invested in land, putting added pressure on land prices<sup>103</sup>.

#### *Savings*

Use of savings is a traditional strategy to augment income in case of needs. However, this strategy is not available to most of the food insecure households who have since long exhausted their savings in the form of jewellery and other savings mechanisms.

#### *Credit and debts*

Many of the unemployed, under-employed, farmers, herders and fishermen whose livelihoods are negatively affected by the conflict, face heavy debts, as credit is an extensive mechanism used by households faced by income shortfalls.

Retailers typically extend forward credit to their customers. However, more than half of Gaza Strip retailers mentioned having reduced credit to households in the previous 2 years, due to a considerable decrease in demand for credit by the households which they attributed to competing expenditures demands and increased inability of Gazan households to repay their debts (see Table 4).

Almost 2/3<sup>rd</sup> of West Bank retailers (65%) reported no change in their credit policy, indicating that credit is essential for customer retention. However, they kept a very close track of their clients'

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<sup>99</sup> The World Bank, 2007 – Quoted in: The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

<sup>100</sup> UNDP, 2009 – oPt Human Development Report

<sup>101</sup> ILO, April 2009 – The impact of the financial and economic crisis on Arab States: Consideration on employment and social protection policy responses

<sup>102</sup> International Association of Money Transfer Networks, IAMTN, 2009

<sup>103</sup> The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

repayment. The threshold for credit differed from one retailer to another and ranged between NIS 200 for the smaller ones to NIS 800 for the bigger urban retailers<sup>104</sup>.

**Table 4 – Changes in traders’ provision of credit to households in 2009 compared to 2007**

Territory	Type of traders	Forward credit to consumers		
		Increased	Decreased	Same
West Bank	Retailers	42%	23%	18%
	Wholesalers	30%	20%	21%
Gaza Strip	Retailers	26%	54%	15%
	Wholesalers	24%	71%	5%
oPt	Retailers	38%	31%	17%
	Wholesalers	28%	40%	15%
	<b>Total</b>	<b>35%</b>	<b>33%</b>	<b>17%</b>

#### *Food and non-food expenditures*

The high share of expenditures dedicated to food by both West Bank and Gaza households (half or more than half of total expenditures) makes them highly vulnerable to market food price and income fluctuations. The share of food expenditures has markedly rose compared to 2007<sup>105</sup>.

A combination of borrowing, remittances and increased aid is considered to have protected household expenditure (consumption) levels despite the marked degradation of the economic context. In mid-2008, food expenditures were mostly covered by households’ own income (3/4<sup>th</sup> of households). Secondary means to procure food were credit (52% of households in the West Bank and 23% in Gaza Strip) and food assistance (12% of households in the West Bank and 58% in Gaza Strip)<sup>106</sup>.

- West Bank

According to the Socio-Economic and Food Security Survey covering the 2<sup>nd</sup> semester of 2008, almost half of the households reported a decrease of their total expenditures. Assistance provided to refugees in camps appeared to protect them from reducing expenditures (despite decreased income), compared to rural or urban households.

Food expenditures represented almost half (49%) of total expenditures of households in the West Bank. This is a slightly lower share than in mid-2008 (53%) but higher than in previous years (32% in 2007, 38% in 2006 and 32% in 2005), which can be explained by a combination of persistently high food prices, decreased income levels and preferential allocation of resources to food purchases<sup>107</sup>. Rural households and refugees in camps spent more for food than urban households (52%, 51% and 47% respectively). This result differs from earlier in 2008, when rural households dedicated a lower share of expenditures for food than urban households, and may be explained by the relative decrease of food prices which has improved access in urban areas.

- Gaza Strip

The Socio-Economic and Food Security survey indicated that food expenditures represented 56% of total expenditures in the 2<sup>nd</sup> trimester of 2009, and 58% among the food insecure households. This is less than the share estimated at the peak of the food price increase in May 2008 (66% food expenditures), possibly owing to increased levels of assistance provided in response to the high food price crisis and in the aftermath of the Israeli conflict.

<sup>104</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>105</sup> Palestinian Expenditure and Consumption Survey 2007. Quoted in: Palestinian Central Bureau of Statistics 2009 – On the Eve of International Population Day, 11 July 2009.

<sup>106</sup> FAO/UNRWA/WFP Rapid Quantitative Survey in West Bank and Gaza Strip to Assess Food Security Indicators Change. April 2008.

<sup>107</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.



Nevertheless, about 1/5<sup>th</sup> of food insecure households in Gaza reported a decrease in their total expenditures after the conflict with Israel. Most of the decrease in expenditures was for food. Among the food insecure households who reduced food expenditures, more than half (59%) decreased the quantity of food bought and the majority (94%) reduced the quality of food bought (see also coping strategies in Section 3.4).

At the same time, some 10% of food insecure households indicated that their total expenditures had increased after the war, raising concerns about their ability to pay and unsustainable level of indebtedness.

### 3.2.2 - Livelihood strategies

#### Income generating activities and employment

Freedom of movement within the oPt, and between the oPt and the outside world, has been curtailed by Israeli policies, including the blockade of Gaza and the sophisticated 'closure regime' in the West Bank which regulates Palestinian movement through a system of physical barriers, permits, military zones and nature reserves. This includes the West Bank Barrier, whose routing has resulted in loss of access to 10% of West Bank territory, cutting off approximately 10,000 Palestinians. By limiting access to Israel, the West Bank Barrier severely restricts employment for Palestinians in Israel and hampers trade and commerce by increasing transport costs and reducing access to international markets<sup>108</sup>. In 2008, there were more than 600 checkpoints, road blocks, gates etc. within the West Bank. For its part, the Gaza Strip has been under full closure since 2007.

#### *Unemployment rates*

Unemployment has risen sharply since the outbreak of the 2<sup>nd</sup> intifada. In 2006, 146,000 Palestinians worked in Israel (116,000 from the West Bank and 30,000 from Gaza). By 2008, the official figure was down to 63,000 (62,000 from the West Bank and less than 1,000 from Gaza)<sup>109</sup>. Given the high dependency ratios, the number of individuals indirectly affected was estimated between 600,000 and 800,000, i.e. 18% to 24% of the total Palestinian population<sup>110</sup>.

In the second quarter of 2009, 15% of the labour force in the West Bank and 36% in Gaza were unemployed<sup>111</sup>. These rates were lower than in the 1<sup>st</sup> quarter of 2009 due to increased seasonal work opportunities. Unemployment was slightly higher (by 5%) among refugees than non-refugees in the first 6 months of 2008<sup>112</sup>. However, unemployment rates tended to increase more among the latter (+ 2.8% versus + 1.6%).

- West Bank

The core unemployment rates in the West Bank rose from an average of 18% in 2007 to 19% in 2008, while the broad rate (including discouraged unemployed) slightly increased from 24% to 25% in 2008. There was some improvement early 2009 (21%). Refugee unemployment rates declined while those of non-refugees increased between 2007 and 2008, mainly owing to the increase in employment in Israel and settlements. Refugee unemployment rates (25%) nonetheless remained

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<sup>108</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>109</sup> Palestinian Central Bureau of Statistics, 2008 – Quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>110</sup> The World Bank, 2006 – Quoted in: WFP and FAO, January 2007 – West Bank and Gaza Strip: Comprehensive Food Security and Vulnerability Analysis (CFSVA)

<sup>111</sup> International Labour Organisation Standard Definition of unemployment.

<sup>112</sup> WHO, 2009 – Health Conditions in the Occupied Palestinian Territory, including East Jerusalem, and in the Occupied Syrian Golan. 62<sup>nd</sup> World Health Assembly. A62/INF.DOC./2, 14 May 2009.

slightly above those of non-refugees (24%). Unemployment rates increased faster in rural areas (by 6%) and among refugees in camps (by more 3.5%), than in urban areas (by 2.2%).

The dependency ratio (total population divided by total number of employed persons) stood at about 5 in 2008, compared to 4.7 in 2000. The youth population (15-24 years) experienced the highest level of unemployment of any labour force segment, with some 39% unemployed in 2008. Women's average labour force participation rate in 2008 was almost 19%, a decline of 3.5 percentage points relative to 2007<sup>113</sup>.

In the first two quarters of 2009<sup>114</sup>, unemployment rates in the West Bank were particularly high in Tulkarem, Qalqilia and Hebron governorates (21-26%) and low in Jericho and Al-Aghwar governorates (6-7%), a pattern consistent since 2007. However, unemployment rates decreased in most governorates compared to 2008. Unemployment rates are higher among those below 30 years of age (close to 30%).

About 10% of West Bank households reported the loss of the main breadwinner's job in the second half of 2008. Households with an unemployed or underemployed head of household were more likely to be food insecure than those with an employed head. Similarly, food insecure households also had a higher dependency ratio than food secure households (6.7 versus 3.7), reflecting economic difficulties to access food. The average number of months worked over the year was lower among food insecure heads of household than the food secure (7.8 months versus 10.4 months).

- Gaza Strip

In the Gaza Strip, about 24,000 persons used to work in Israel before the blockade. Unemployment rose steeply between 2007 and 2008, with a 65% increase. It continued to rise between the 1<sup>st</sup> and 2<sup>nd</sup> half of 2008 (by 15%) and stabilized somehow at the beginning of 2009. Most sectors were affected and had to lay off workers, including construction, textile and garment factories, wood and furniture industries, food and beverage manufacturing companies, transportation (truck drivers and workers), commerce, agriculture and fisheries. The main reasons were the lack of raw material or productive inputs (denied authorisation for entry) and loss of export opportunities, in a context of low internal effective demand (low purchasing power).

Overall, using the broad definition of unemployment (including discouraged workers), 43% of the Gazan labour force was unemployed in the 2nd quarter of 2009. The highest unemployment rates were in Khan Younis (44%) and North Gaza (36%) governorates, while the lowest rate was in Gaza city (32%)<sup>115</sup>. Unemployment rate is particularly high among those below 30 years of age (57%). Actual unemployment rates would be even higher if under-employment was included.

As in the West Bank, Gazan households with an unemployed or underemployed head of household, and with a high dependency ratio, were more likely to be food insecure than other households.

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<sup>113</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank

<sup>114</sup> Palestinian Central Bureau of Statistics, 17 August 2009 – Labour Force Survey (April-June 2009) Round (Q2/2009). Press Conference on the Labour Force Survey Results.

<sup>115</sup> Palestinian Central Bureau of Statistics, 2009 – On the Eve of International Population Day, 11 July 2009.

### *Formal and informal employment and sources of income*

Economic decline in the oPt, compounded by the movement restrictions<sup>116</sup> within the West Bank and between the West Bank, the Gaza Strip and Israel, seriously limit work opportunities for the population. The process of obtaining a work permit in Israel is effectively impossible for males aged between 18 and 30 years. As a result, many Palestinians cross the border illegally, risking attack, detention or fines if caught. Even if work is successfully found, conditions in illegal employment are typically poor. In addition, tightened controls of the West Bank Barrier have further limited smuggling for work in Israel.

As agricultural productivity has declined due to the closure regime (loss of access to land and agricultural inputs, loss of trade opportunities, increased transportation and agricultural inputs costs), an increasing number of Palestinians are competing for non-agricultural labour, including employment in the public or voluntary sector, small businesses and wage labour in the few factories (e.g. textile, construction) or services.

Generally speaking, the services sector is the main source of employment. Early 2009, 12% of the population was employed in the agricultural sector, 24% in industry and 64% in services<sup>117</sup>. The combination of expanding labour force and shrinking private sector places further pressure on the public sector to become the primary alternative for jobs. Public employment expanded by 59% between 1999 and 2006. By the 2<sup>nd</sup> quarter of 2009, public sector accounted for 25% of the employment (16% in the West Bank and 51% in the Gaza Strip). This trend runs counter the recommendation from International Financial Institutions such as the World Bank and the IMF to reduce public employment in order to strengthen the PNA fiscal sustainability

Despite high literacy rates compared to other Middle East countries, a low proportion of women are engaged in economic activities (female participation rate of 15%). Females with higher education have a higher participation in the labour force (40% for those with secondary education and above) compared to those with less education. Women are more likely to work in the agricultural sector (34% of all female employment) and less likely to be employed in industry or services.

A number of differences are observed in the labour market between the West Bank and the Gaza Strip, related to different opportunities for employment in the public versus private sector (the latter being less constrained in the West Bank), as well as in Israel and the settlements (available only for Palestinians of the West Bank). These variations also translate in a different degree of dependence on relief assistance as a complementary source of income.

- West Bank

Beginning of 2009, about 1/3<sup>rd</sup> of employed workers were salaried employees and another 1/3<sup>rd</sup> were waged workers. About 13% were self-employed. Almost half of the jobs were with the PNA (16%) and 29% with the private sector. Only 2% of West Bank households considered emergency assistance as their 2<sup>nd</sup> main source of income (after salaries, wages or other earnings)<sup>118</sup>.

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<sup>116</sup> In 2005, following Israel disengagement from Gaza, the Government of Israel and the PNA signed an Agreement on Movement and Access (AMA) 'to facilitate the movement of goods and people within the Palestinian Territory'. However, many of the measures stipulated in the Agreement were not implemented, and in 2007 Israel imposed a blockade on the Gaza Strip following the Hamas takeover of this territory. (O'Callaghan Sorcha, Jaspars Susanne, Pavanella Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.)

<sup>117</sup> Palestinian Central Bureau of Statistics, 17 August 2009 – Labour Force Survey (April-June 2009) Round (Q2/2009). Press Conference on the Labour Force Survey Results.

<sup>118</sup> FAO/UNRWA/WFP Rapid Quantitative Survey in West Bank and Gaza Strip to Assess Food Security Indicators Change. April 2008.

By sector, 15% of employment in the West Bank was in agriculture, 30% in industry and 55% in services during the 2<sup>nd</sup> quarter of 2009<sup>119</sup>.

The Labour Market study conducted by UNRWA<sup>120</sup> showed that average employment in the West Bank increased by less than 1% in 2008 relative to 2007. All net employment growth was in Israel and Israeli settlements (see Box 8). In the 2<sup>nd</sup> quarter of 2009, the employment in settlements represented 14% if the total.

**Box 8 – Employment in the West Bank in 2008**

Refugee employment in 2008 advanced broadly with gains made in the public sector, the private sector and in Israel and settlements. By far, Israel and the settlements were the most important sources of job growth for refugees (60% of gains in 2008). Non-refugees lost employment in the public and private sectors but their employment in Israel grew by about 8%.

In absolute terms, the agriculture sector experienced the biggest employment losses (some 9,000 jobs or 12.5%) in 2008 compared to 2007. In relative terms, construction was the biggest employment loser with a 14% decline (5,900 jobs). Employment increased in commerce and private services (including NGOs and UNRWA), by some 8,950 positions. As a result, informal types of employment declined in 2008 compared to 2007, while formal employment increased significantly.

UNRWA, June 2009 – *The West Bank Labour Market, 2007-2008. A Briefing Paper. Draft.*

The Socio-Economic and Food Security Survey in the West Bank for the second half of 2008 showed that households with a head of household engaged in irregular wage labour or self-employed were more likely to be food insecure (respectively 27% and 25% food insecure), than those who were employers or regular wage workers. Food insecure households were also more likely to rely on formal or informal social benefits (cash transfers, unemployment subsidies) as a source of income, compared to food secure households, and less likely to rely on wages, business income, insurance or pensions. This finding is consistent with the 2005 Palestinian Expenditure and Consumption Survey which showed that food insecurity was higher among households depending on non-public sector sources of income compared to those relying on the public sector.

By sector of occupation, food insecure heads of household in the West Bank were more likely to be working in agriculture, construction or as cleaners, garbage collectors or machine operators, than being legislators, management personnel, specialists, professionals, clerks or involved in other occupations providing comparatively high and/or stable incomes including trade or services (see table 5). For instance, about 1/3<sup>rd</sup> of households engaged in skilled agricultural labour or working as cleaners or garbage collectors, and 1/4<sup>th</sup> of households working in machine operations were food insecure, compared to only 9% of food insecure households among those with a professional occupation.

A large proportion of West Bank food insecure heads of household were employed as irregular wage workers (41%), followed by regular wage work (28%) and self-employment (25%). Irregular wage work and self-employment were more frequently associated with food insecurity.

**Table 5 – Main sector of employment of West Bank heads of household according to food security level, 2<sup>nd</sup> semester 2008**

Sector of employment	Food insecure	Vulnerable to food insecurity	Marginally food secure	Food secure
Agriculture and fishing	37%	10%	33%	20%
Mining and manufacturing	19%	11%	31%	38%
Electricity, gas and water supplies	7%	9%	16%	68%
Construction	30%	13%	30%	27%
Wholesale and retail trade	23%	11%	29%	37%

<sup>119</sup> Palestinian Central Bureau of Statistics, 17 August 2009 – Labour Force Survey (April-June 2009) Round (Q2/2009). Press Conference on the Labour Force Survey Results.

<sup>120</sup> UNRWA, June 2009 – *The West Bank Labour Market, 2007-2008. A Briefing Paper. Draft.*

Sector of employment	Food insecure	Vulnerable to food insecurity	Marginally food secure	Food secure
Restaurants and hotels	14%	10%	30%	46%
Transport, storage and communication	21%	16%	33%	30%
Finance and insurance	3%	9%	23%	65%
Properties, rents and business	18%	5%	26%	50%
Public administration and defence	10%	9%	29%	52%
Education	9%	8%	28%	54%
Health and social work	8%	9%	20%	63%
Other social and personal care	16%	10%	30%	44%
International organizations	18%	12%	20%	51%

Source: FAO & WFP, August 2009. Working Paper Series 1, Household Food Security Profiling, West Bank

Having more than one source of income decreased the likelihood to be food insecure: only 1% of food insecure households had 2 or more sources of income, compared to 22% of food secure households.

Household food security in the West Bank was also associated with the location of the work. A higher proportion of food insecure households were working within the same location or governorate where they were residing, compared to households working in other governorates or in Israel/Israeli settlements: respectively 21%, 12% and 17% food insecure households. This can be explained by the fact that employees in Israel or settlements are likely to earn higher wages than employees remaining in the West Bank.

- Gaza Strip

In the Gaza Strip, the private sector has been devastated by the blockade, leading to the loss of about 120,000 jobs in the industrial, commercial, construction, agricultural and services sectors. In response, the Hamas authorities expanded the public sector and the tunnels' economy at the border with Egypt grew. The market survey conducted in October 2009 indicated that tunnels employ between 20,000-25,000 workers, who can earn between NIS 100-200 for 10 hours of work. These wages are lower than in 2007 and 2008 due to the increased number of tunnels and competition for work<sup>121</sup>. Activities include the physical transfer of goods as well as the construction and maintenance of the tunnels. These activities are however no substitute for the proper resumption of movement of goods and people, and can also be dangerous (accidents)<sup>122</sup>.

In mid-2008, most employed workers in the Gaza Strip were salaried employees (60%), 7% were skilled/unskilled wage workers, and 13% were self-employed. The PNA was the main source of employment (slightly more than half of those working) while only 16% were private sector employees. More than half of the households (especially refugees) considered emergency assistance as their 2<sup>nd</sup> main source of income<sup>123</sup>.

In the 2<sup>nd</sup> quarter of 2009, 5% of employment in the Gaza Strip was in agriculture, 5% in industry and 90% in services<sup>124</sup>. Food insecure households were more likely to be employed in the private sector (in low paid activities) than in the public sector: 69% and 21% respectively of the food insecure, compared to 23% and 68% respectively of the food secure.

**Table 6 – Main sector of employment of Gaza Strip heads of household according to food security level, 2<sup>nd</sup> trimester 2009**

<sup>121</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>122</sup> OCHA, August 2009 – Locked in: the Humanitarian Impact of the Two Years Blockade on the Gaza Strip.

<sup>123</sup> FAO/UNRWA/WFP Rapid Quantitative Survey in West Bank and Gaza Strip to Assess Food Security Indicators Change. April 2008.

<sup>124</sup> Palestinian Central Bureau of Statistics, 17 August 2009 – Labour Force Survey (April-June 2009) Round (Q2/2009). Press Conference on the Labour Force Survey Results.

Sector of employment	Food insecure	Vulnerable to food insecurity	Marginally food secure	Food secure
Private sector establishments	69%	35%	28%	23%
Private foreign establishments	4%	3%	0	1%
National government	21%	56%	61%	68%
UNRWA	4%	5%	10%	7%
Other	2%	1%	1%	1%

Source: FAO & WFP, October 2009 – Socio-Economic and Food Security Survey Report, Gaza Strip

As in the West Bank, food insecurity in the Gaza Strip was associated with low-skill, low-paid occupations: 50% of the food insecure households were engaged in unskilled work or handicrafts. Food secure households were more likely to be occupied with sales/services and specialized work: 43% and 30% respectively of the food secure, compared to 24% and 5% respectively of the food insecure. Reliance on casual wage labour and self-employment was related to higher levels of food insecurity, due to the irregular and low levels of income obtained.

The Israeli offensive at the end of 2008 caused a further loss of income especially in the private sector. However, the magnitude of the loss was relatively low as the situation was already mediocre after 2 years of blockade. Loss of private sector employment (-4%) was somehow compensated by higher reliance on humanitarian aid (+4%).

#### *Agricultural activities*

Only 11%-20% of Palestinian GDP comes from agriculture, but despite all the constraints the sector employs a large share of the labour force, including 39% in the informal sector and 12% in the formal sector and contributes to 20% of total exports<sup>125</sup>.

- West Bank

In the second half of 2008, almost a quarter of West Bank households owned agricultural land, however only 80% of them were cultivating it. Land ownership was not related to food insecurity: among land owners, 21% were food insecure, 12% vulnerable to food insecurity, 33% marginally food secure and 35% food secure, similar to the averages for the whole of West Bank households.

A larger proportion of food secure households did not plant their land compared to food insecure households (23% and 16% respectively), possibly because they can rely more on other food and income sources. Food secure agricultural households were more likely to plant fruit trees than food insecure households (respectively 81% and 68%), and slightly less likely to cultivate crops (16% versus 22%) or vegetables (17% versus 15%)<sup>126</sup>. It must be noted that the olive harvest in the West Bank yielded twice the output in the 2008 season as in the 2007 season<sup>127</sup>.

Almost 10% of West Bank households owning agricultural land faced severe difficulties to tend their fields during the second semester of 2008 and almost 60% cited restrictions on movement within the West Bank as the main difficulty to tend their land. Other difficulties mentioned by many farmers included long transportation time (53%) and high transportation costs (27%).

Farmers with agricultural land near Israeli settlements also face difficulties to cultivate and harvest due to intimidation, violence or property damage by settlers. Furthermore, in some of these areas harvesting of olive orchards is limited to only specific days designated by the Israeli Defence Forces with a military escort. As a result, much agricultural land is in effect withdrawn from production, or shifted to lower value and less perishable crops (e.g. from fruits and vegetables to cereals), with resultant decline in income.

<sup>125</sup> OCHA, July 2009 – Five Years After the International Court of Justice Advisory Opinion. A Summary of the Humanitarian Impact of the Barrier.

<sup>126</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>127</sup> Palestinian Central Bureau of Statistics, 2008 – Press Release on Olive Presses in the Palestinian Territory, 2008 – Quoted in: UNRWA, June 2009 – The West Bank Labour Market, 2007-2008. A Briefing Paper. Draft

West Bank communities of sheep and goat herders (mainly Bedouins) have lost precious grazing areas due to the West Bank Barrier, with a devastating effect on their income<sup>128</sup>. The sale of livestock and livestock products is their main source of income but the trade in dairy products has been affected by the reduced quality and quantity of animals and by the closure regime, as products are often spoiled during delays at checkpoints. Droughts in the past few years combined with diminished area of grazing lands, poor access to water, mobility restrictions to grazing land and lack of diversified livelihoods have put at risk the sustainability of the herding livelihood in these communities. Social discrimination further complicates access to work and thus limits the level of income of Bedouins<sup>129</sup>.

- Gaza Strip

Before the blockade in 2006 the agricultural sector in the Gaza Strip employed 40,000 people, generating livelihoods for a quarter of the population. Approximately 5,000 farmers were dependent on the export of cash crops, the two largest ones being carnations and strawberries (others crops exported were cherry tomatoes, green peppers and certain potato and cucumber species). The Israeli authorities have completely banned exports since 2007, with the exception of 147 truckloads of cut flowers and strawberries allowed out of Gaza, compared to a monthly average of 1,090 truckloads exported during the first 5 months of 2007 to the West Bank, Israel and Europe<sup>130</sup>.

Many farmers have had their income halved as they find it difficult to sell their entire harvest inside Gaza. Even if they succeed, the price they obtain is only a fraction of what they would normally earn from exports to Israel or Europe. By the end of 2007, local cooperatives had laid off about half of their manpower, particularly in the cash crop sector<sup>131</sup>.

Furthermore, at least 30% of the arable land in Gaza lies within the Buffer zone on the Gaza side of the border fence with Israel, which can extend up to 1 km from the fence. Farmers never know for sure if it is safe to work land or harvest within that zone, and incursions by the Israeli Defence Forces often destroy fields and parts of the harvest.

Crop productivity declined since June 2007 due to restrictions of entry of fertilizers, pesticides and plastic sheeting. Like in the West Bank, the 2007-2008 agricultural activities in the Gaza Strip were further affected by the rise of fuel and fertilizer prices and by adverse climatic events (drought, frost).

The livestock sector in the Gaza Strip, into which about 1,100 livestock and poultry farmers used to be engaged, has also contracted since the blockade due to lack of grazing land, drought, increased prices of feed, import restrictions, and shortage of animal breeds. Low households' purchasing power and suspension of cattle imports also reduced income earnings from livestock raising activities<sup>132</sup>. The Israeli offensive at the end of 2008 killed many animals and destroyed many animal farms mainly located in the eastern side of the Gaza Strip, further limiting the scope for income generation from livestock and their products (see Section 3.2.1).

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<sup>128</sup> Avendano A., 2008 – *Quoted in: The World Bank, 2008 – The Economic Effects of Restricted Access to Land in the West Bank*. Social and Economic Development Group, Finance and Private Sector Development, Middle East and North Africa Region.

<sup>129</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanella Sara – *Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory*. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>130</sup> Madi A., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – *The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt*. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

<sup>131</sup> WFP, December 2007 - *Rapid Food Security Needs Assessment in the Gaza Strip*. Effects of Imports Restrictions and Freeze of Exports on the Food Security of Non-Refugees.

<sup>132</sup> FAO/UNRWA/WFP *Rapid Qualitative Survey in West Bank and Gaza Strip to Assess Food Security Indicators Change*. April 2008.

### *Fishing activities*

More than 3,000 persons in the Gaza Strip are directly dependent on fishing for their livelihoods and an additional 2,000 are indirectly dependent from the fishing industry through the servicing and maintenance of the fleet of vessels.

The blockade harmed Gaza's fishermen by hampering exports (down from 1,784 tons in 1997 to about 55 tons in 2007<sup>133</sup>) and limiting the entry of fuel and spare parts. The limits in fishing distance also provoked over-fishing in shallow coastal waters, depleting stocks and compromising the future viability of the fishing industry. In 2007-2008, the combination of fuel import restrictions and increased fuel prices made fishing expensive and unprofitable<sup>134</sup>.

Sea water contamination due to the discharge of untreated sewage also limits fish survival. Fisheries catch are now limited to 'low value' species, mostly sardines consumed in the local market. As a result of all these difficulties, some fishermen sold assets and got indebted to the point of forcing them to stay ashore.

After the end 2008 Israeli offensive, fishing distance was further reduced to 2-3 miles and some fishermen lost their assets and/or jobs. Furthermore, fishermen were unable to take advantage of the sardine season (starting in April), as sardines are only found over 6 miles out. The estimated loss of annual fishing catch was 70%, with a concomitant significant reduction of income<sup>135</sup>.

### *Private sector/industry activities*

An increasing proportion of private sector businesses in the oPt are facing worsening conditions in terms of sales, ability to transport goods to markets, and number of layoffs. In the West Bank, business owners attributed lower customers' purchasing power to a combination of global economic downturn and Israeli closure regime and military operations, while the vast majority of businesses in the Gaza Strip blamed the Israeli blockade.

More than half of employment in the Gaza Strip used to be private sector driven, however the blockade has seriously eroded its capacity. Most Gazan industries are export-oriented and have purchase and supply contracts with Israeli and other firms. Gazan manufacturers also rely almost entirely on imports for their inputs. Until recently, about 76% of their furniture products, 90% of their garments and 20% of their food products were exported to Israel and some to the West Bank. Fuel and power shortages also significantly hamper production.

According to business associations in Gaza, the blockade has led to the suspension of 96% of Gaza's industrial operations. The remaining producers are mainly food processors who can obtain local inputs or who use inputs that are allowed to be imported on humanitarian grounds. All in all, industrial employment has fallen from about 35,000 early 2005 to about 860 by mid-2008, and another 70,000 workers have been laid off from other business sectors<sup>136</sup>. According to the World Bank, the damage has been so severe that it is unlikely that many establishments will be able to recover once the blockade is lifted<sup>137</sup>.

The Israeli offensive in the Gaza Strip at the end of 2008 also affected private sector establishments: almost 270 were destroyed completely and more than 430 partially. Although

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<sup>133</sup> FAO, 2008 - Quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>134</sup> FAO/UNRWA/WFP Rapid Qualitative Survey in West Bank and Gaza Strip to Assess Food Security Indicators Change. April 2008.

<sup>135</sup> WFP and FAO, 2009: Joint Rapid Qualitative Emergency Food Security Assessment (EFSa) in the Gaza Strip.

<sup>136</sup> In June 2007, about 6,500 worked in the furniture sector and 25,000 in the garment sector. As of January 2008, these numbers dropped to 75 and 0 respectively. Some 42,000 construction workers were also laid off.

<sup>137</sup> The World Bank, June 2008 – Economic Developments and Prospects. Occupied Palestinian Territory.



much of the physical damage was sustained by already closed businesses, their destruction ensures that they will not be able to recover quickly once conditions improve<sup>138</sup>.

### *Migration*

There are almost 1 million Palestinian living abroad (more than 1/4<sup>th</sup> of the total population), mainly in Syria, Saudi Arabia, Libya, Canada, the United Kingdom, Australia, Sudan, Sweden, Chile and France<sup>139</sup>. Migrants send remittances which can represent a significant source of additional income to recipients.

Most migrants are young people, aged between 20 and 34 years. The youngest age range (25-29 years) represents the highest percentage of net migration with 23% between 1997 and 2007, followed by the age group 20-24 years with 18% and the age group 30-34 years with 17%.

About 3% of Palestinians migrated as a result of deteriorating economic situation, 5% to work in other governorates and 16% were accompanying persons<sup>140</sup>.

## **3.3 - Food consumption and utilization, and nutritional status**

### **3.3.1 – Household food consumption patterns and sources of food**

#### Evolution of household food consumption patterns

In 2005, the Palestinian Expenditure and Consumption Survey showed a reasonably balanced share of calories in the diet coming from carbohydrates (55%), fats (33%) and protein (11%). Average consumption per capita was 204 g of 'cereals and other products', 294 g of 'vegetables and products', 183 g of 'fruits and products' and 109 g of 'meat'. The most common food consumed included rice, bread/wheat flour, sugar, cheese (*labaneh*), eggs, beef, lamb, chicken, tomatoes, cucumbers, onions, potatoes and apples.

However, decreased economic access to food - particularly since 2007 due to the combination of higher prices and lower incomes - has translated into reduced consumption of animal products, particularly fresh meat and dairy products, as well as some vegetables (e.g. tomatoes). The war with Israel in the Gaza Strip also led some 14% of households to decrease their expenditures, mostly on food. More than half of these households reduced the quantity and the vast majority decreased the quality of food bought.

Traders interviewed in 2009 have confirmed a depressed demand for fruits and some vegetables, especially in the Gaza Strip. Retailers have indicated that their sales have dropped since 2007 by 30-40%. Most retailers in both the West Bank and the Gaza Strip (88%) have also reported an increasing trend towards purchases of lower quality and cheaper food items, with a majority of their sales made in the late afternoons and early evening when consumers expect prices to have decreased<sup>141</sup>.

As a result, retailers have been forced to reduce the variety of products they have on offer as well as their stock levels of various items. The availability of some fresh items produced locally (e.g.

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<sup>138</sup> Palestinian National Authority, March 2009 – The Palestinian National Early Recovery and Reconstruction Plan for Gaza, 2009-2010. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza, Egypt, 2 March 2009.

<sup>139</sup> The World Bank, 2007 – West Bank and Gaza. Migration and Remittances Factbook.

<sup>140</sup> PCBS data.

<sup>141</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

vegetables, fish) has also decreased due to limitations on access to land, productive inputs and sea and has contributed to reducing their consumption.

Households' diet changes may have negative consequences on micronutrients intake. While the energy intake is preserved due to the shift towards staples and energy-dense food (wheat/bread, beans, oil, sugar), mineral and vitamin deficiencies can occur and cause delayed growth in young children, reduced resistance to infections, and pregnancy-related problems.

#### Food consumption patterns

The Food Consumption Score estimates the amount and variety of food consumed in the households during the 7 days preceding the survey, by counting the number of times specific food items (grouped in specific food groups) are consumed. Three groups are constructed by applying thresholds that define a 'poor' food consumption pattern, 'borderline' food consumption, and 'acceptable' food consumption. Essentially:

- a 'poor' food consumption consists of cereals (bread and rice), potatoes, sugar and oil consumed on a nearly daily basis, vegetables 4 times during the 7 days prior to the survey and very rare consumption of animal products and fruits; quantities are also likely to be low and below kilocalorie requirements for household members with additional needs (pregnant and lactating women, physically active adults);
- a 'borderline' diet is similar but includes a slightly more frequent consumption of vegetables (5 times during the 7-day period), meat and eggs (3 to 4 times) and fruits (twice); quantities are probably just sufficient to meet kilocalorie requirements;
- an 'acceptable' diet is yet more diversified with consumption of the various food groups on a nearly daily basis; the amounts consumed are expected to be sufficient.

In the West Bank, 10% of households had 'poor' food consumption, 18% 'borderline' and 72% 'acceptable'. Assistance was received by slightly more than 40% of households with 'poor' or 'borderline' food consumption. Arguably, the remaining 60% of households not covered by assistance may have benefited from support to help them improve their diet. Indeed, no more than 10% of the food consumed by households with 'poor' or 'borderline' food consumption came from food aid, with the exception of vegetable oil (15%-17%). Among households with 'acceptable' food consumption about 5% of the food came from food aid, and 9% of the vegetable oil.

In the Gaza Strip, 14% of households had 'poor' food consumption, 23% 'borderline' and 63% 'acceptable'. Among the food insecure, 19% had 'poor' food consumption, 26% 'borderline' and 55% 'acceptable'. Food aid is playing a major role in enabling Gazan households to secure a diet with acceptable amount and diversity of food. Indeed, 80% of the food insecure received food assistance in the Gaza Strip. Food aid is the source of 50% to 60% of the food items consumed by those unable to consume a proper diet. For those able to consume a proper diet, food aid provides about 20% of the food items.

In both the West Bank and Gaza Strip, some variation in the food consumption patterns was observed the food insecure, with some food insecure households able to secure an 'acceptable' diet while others only consume a 'poor' or 'borderline' diet. These differences may reflect a diverse capability to exchange or sell some of the food aid and other assistance in order to improve the diet. Indeed, the food aid ration does not include commodities that diversify the diet such as animal foods, vegetables and fruits. In addition, the decision and ability to exchange or sale of food aid or use of other forms of assistance to improve food consumption may be affected by other more pressing needs, including health, education, housing and transportation.

#### Sources of food

Due to the low level of agricultural production, most of the food consumed by Palestinian households must be purchased on the market or received through transfers.

Over 70% of the population in the Gaza Strip were dependent on food aid to supplement their consumption before the Israeli offensive end 2008, compared to only about 15% in the West Bank. The high reliance on food aid in Gaza reflects severe economic access difficulties linked to the limited income earning opportunities and high prices.

### **3.3.2 – Food safety**

There are no proper mechanisms to enforce food quality and safety standards for the food commodities imported and locally produced and processed in the oPt. The lack of food quality and safety policy forces exporters to go through Israeli traders. It further limits market exports, as a number of importing countries request food safety certifications.

Consumption of food potentially contaminated with pathogenic micro-organisms or chemical pollutants creates risks to health, especially for vulnerable individuals such as young children, pregnant and lactating women, the elderly and already sick individuals.

### **3.3.3 – Child feeding and care practices**

The 2006 Palestinian Family Health Survey<sup>142</sup> found that the vast majority of children (97%) were breastfed, with a mean duration of breastfeeding of 13 months. However only about 1/4<sup>th</sup> of the children below 6 months of age were exclusively breastfed and only slightly more than half of the children 6-9 months received appropriate complementary feeding to breast-milk and mushy solid foods. The proportion of children 6-9 months receiving appropriate complementary food to breast-milk was higher in urban areas than rural areas (61% versus 49%). The proportion was lowest among households in the poorest wealth quintile (45%) and highest among households in the wealthiest quintile (70%), illustrating the association between adequate young child feeding practices and socio-economic factors.

Almost 12% of children under 5 years of age had suffered from an episode of diarrhoea in the 2 weeks preceding the 2006 survey. The highest prevalence (16%) was in the Qalqilya governorate of the West Bank. Some 14% of the children had also had pneumonia, with the highest prevalence reported in Tulkarm governorate (21%) in the West Bank.

In 2006, full immunization coverage of children aged 12-23 months was rather high in both the West Bank (94%) and the Gaza Strip (99%), except in the Jerusalem governorate (75%). The situation in Jerusalem is explained by an irregular access to Israeli health services, which also apply a slightly different immunization schedule than the Palestinian health services.

### **3.3.3 - Nutritional status**

#### Wasting and stunting rates

Wasting rates (acute malnutrition) among children below 5 years of age are low and have been declining since 1996 from 2.8% to 1.4% in 2006<sup>143</sup>. The highest rate of wasting in 2006 was in Jerusalem governorate (4.9%).

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<sup>142</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

<sup>143</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

On the contrary, stunting rates (chronic malnutrition) have been increasing from 7.5% in 2000 to 10.2% in 2006, particularly in the Gaza Strip (from 8.3% to 13.2%)<sup>144</sup>. Stunting rates have remained higher in the Gaza Strip than in the West Bank (13.2% versus 7.9% in 2006) and have reached a medium severity level according to WHO standards.

**Table 7 – Evolution of stunting and wasting rates in the oPt between 2000 and 2006**

	oPt			Gaza Strip			West Bank		
	2000	2004	2006	2000	2004	2006	2000	2004	2006
<b>Stunting rates</b>	7.5%	9.9%	10.2%	8.3%	11.4%	13.2%	7.0%	8.8%	7.9%
<b>Wasting rates</b>	1.4%	2.8%	1.4%	1.4%	1.8%	1.2%	1.5%	3.4%	1.7%

Source: Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 – Palestinian Family Health Survey, 2006. Final Report.

The highest rates for stunting in the 2006 survey were in the North Gaza governorate (29.6%) in the Gaza Strip, and in the Jericho governorate (14.7%) in the West Bank. Stunting rates were also higher in urban than rural areas (11.2% versus 8.6%).

### Micronutrient deficiencies

Micronutrient deficiencies are widespread, particularly anaemia which affects especially children and women: 57% of children 6-36 months of age were anaemic in the Gaza Strip<sup>145</sup> and 37% in the West Bank in 2006, as well as 45% of pregnant women in the Gaza Strip and 31% in the West Bank<sup>146</sup>. These values are above or close to the threshold of 40% anaemia considered as a severe public health situation based on WHO standards. High rates of anaemia in the Gaza Strip and among refugees in particular have been attributed to the low variety of the diet as well as to the effects of toxic environmental pollutants such as nitrates (see Box 9) and medical conditions such as thalassaemia.

### **Box 9 – Anaemia and nitrates in the Gaza Strip**

Elevated levels of nitrate in groundwater in the Gaza Strip are primarily caused by the infiltration of sewage from domestic septic tanks as well as agricultural runoff into the groundwater. Nitrate values in the Gaza Strip present a health risk throughout the territory. Nitrates cause methemoglobinaemia, a blood disorder characterized by higher than normal levels of methemoglobin, a form of haemoglobin that does not bind oxygen. Infants are particularly at risk of anaemia for this reason, including death when methemoglobin levels are very high. While no information is available on the current status of the population on methemoglobinaemia, given the high levels of nitrate in the groundwater it can be expected that the problem is prevalent in the Gaza Strip, and in the absence of widespread awareness, a large number of children are at risk.

UNEP, September 2009 – *Environmental Assessment of the Gaza Strip Following the Escalation of Hostilities in December 2008-January 2009*.

Other micronutrient deficiencies representing potentially severe public health problems include:

<sup>144</sup> A project completed by DanChurchAid in the Shijaia area of the Gaza Strip in 2009, including about 13,800 households, found that 1.1% of under-5 children were wasted and 7.7% were stunted – DanChurchAid, 18 September 2009: Findings from Project “Emergency Humanitarian Nutrition and Health Response for Vulnerable Children in Shijaia Area – Gaza Strip”.

<sup>145</sup> A project completed by DanChurchAid in the Shijaia area of the Gaza Strip in 2009, including about 13,800 households, found that 43% of under-5 children were anaemic of which 56% mildly and 44% moderately – DanChurchAid, 18 September 2009: Findings from Project “Emergency Humanitarian Nutrition and Health Response for Vulnerable Children in Shijaia Area – Gaza Strip”

<sup>146</sup> UNRWA survey in 2006 - Quoted in: WHO, 2009 – Health Conditions in the Occupied Palestinian Territory, including East Jerusalem and in the Occupied Syrian Golan. 62<sup>nd</sup> World Health Assembly, A62/INF.DOC./2, 14 May 2009.

- iodine deficiency: recent data on goitre rates are unavailable but suspected high (1997 figures indicated 15% goitre among school-aged children); the 2006 Palestinian Family Health Survey found that most households in both the West Bank and the Gaza Strip were consuming adequately iodised salt; the extent to which this practice has been sustained is unknown; consumption of iodised salt must be continuous to prevent iodine deficiency and ensuing mental and physical impairments;
- vitamin A deficiency (VAD): similarly, recent data are unavailable but a study conducted in 2004 found that almost one-fifth of children 1-5 years presented some type of sub-clinical vitamin A deficiency; VAD has negative consequences on growth, vision and resistance to infections; only 39% of children 0-12 months in the West Bank and 9% in the Gaza Strip had received vitamins A and D supplementation in the 6 months preceding the 2006 Palestinian Family Health Survey; the lowest coverage was in camps (14%).
- vitamin D deficiency: national data are unavailable but cases of rickets were reported in 2003 and vitamin D deficiency is reportedly endemic in the Middle East, perhaps due to the high consumption of bread containing phytic acid; vitamin D deficiency impairs growth and can create life-long disabilities.

#### Main factors associated with malnutrition

Stunting seems associated with household poverty, as shown by the highest rate observed among the poorest household quintile (13.7%) compared to other wealth quintiles<sup>147</sup>. Stunting was also associated with maternal education, with the highest stunting rates found when the mother had no education (18.8%)<sup>148</sup>.

Repeated child illness is also influencing growth. The 2006 survey found that 14% of children had suffered from suspected pneumonia and 12% from acute diarrhoea in the 2 weeks preceding the survey. In turn, higher rates of diarrhoea were associated with low maternal education (18% among those with no education). Poor water quality and limited amounts of water, which are prevalent in many areas of the oPt, are also increasing risks of diarrhoea.

Micronutrient deficiencies in young children are known to delay growth. Households' changes in their food consumption patterns, with reduced amounts of animal products, vegetables and fruits, contribute to decrease the amount of minerals and vitamins ingested. While food distributed as assistance is fortified, the national food fortification policy faces difficulties related to the institutional weaknesses, particularly in the area of monitoring and enforcement.

In sum, stunting among Palestinian children is likely explained by a combination of:

- multiple micronutrient deficiencies - linked to inadequate child feeding practices, and
- frequent bouts of illness - particularly diarrhoea - due to consumption of unsafe water and limited water availability for hygiene purposes and insufficient knowledge/sensitisation about hygiene practices and best feeding practices after illnesses.

As such, child growth is also influenced by household food security through the types of food consumed at home and through the total and relative amounts of cash resources and child carer's time dedicated to food purchase, food preparation, seeking health care, procuring (safe) water and attending child's needs. Besides food and economic security at household level, intra-household food sharing and care practices are also influencing nutritional outcomes but no information is available to gauge their importance.

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<sup>147</sup> A project completed by DanChurchAid in the Shijaia area of the Gaza Strip in 2009, including about 13,800 households, also found that malnutrition and anaemia were more frequent among under-5 children living in poor households and non-refugees - DanChurchAid, 18 September 2009: Findings from Project "Emergency Humanitarian Nutrition and Health Response for Vulnerable Children in Shijaia Area - Gaza Strip"

<sup>148</sup> Palestinian National Authority, Palestinian Central Bureau of Statistics, December 2007 - Palestinian Family Health Survey, 2006. Final Report.

### 3.4 - Coping strategies

#### 3.4.1 - Main types of coping strategies

Since 2003, households' worries about having enough food have taken prominence over concerns on cash income, reflecting a more direct and acute sense of food insecurity<sup>149</sup>. Increased humanitarian assistance since the 2<sup>nd</sup> intifada has played a major and increasing role in preventing a deterioration of the food security situation (see Section V). Besides, Palestinian households have intensified the use of a number of other strategies to cope with rising unemployment and economic difficulties. In mid-2008, 2/3<sup>rd</sup> of Palestinian households believed they could be financially steadfast for no more than 6 months.

##### Strategies to increase or supplement income

During the second semester of 2008, about 1/5<sup>th</sup> of West Bank households (22%) used their life savings (particularly the food secure households) and 12% sold their jewellery. The low proportion of households selling assets is explained by the fact that many had already used this strategy in response to the high food prices early 2008 and thus depleted their possessions (e.g. durable goods such as television and radio sets).

Supplementation of income with assistance is essential for many households. Refugees benefit from UNRWA programmes, non-refugees can receive WFP assistance, and a number of other international organizations and local charities also support with food, cash, health and livelihood interventions (see Section 5.1.3). The Socio-Economic and Food Security Surveys<sup>150</sup> indicated that almost 1 out of 3 households (31%) in the West Bank had received assistance during the second semester of 2008, while 1 out of 7 households (71%) in the Gaza Strip had received assistance during the second trimester of 2009.

##### Strategies to decrease expenditures

During the second semester of 2008, 42% of West Bank households decreased their spending on food, 37% reduced the quality of food bought and 34% reduced quantities. Almost half consumed less meat, 43% less fruits and 35% less milk<sup>151</sup>. These behaviours are similar than those observed since the beginning of the food and fuel price rise in 2007.

Among food insecure households in the West Bank, about 1/5<sup>th</sup> (22%) reduced the number of meals eaten and 19% reduced adult food consumption in favour of their children. These behaviours were less frequent among the food secure (15% and 8% respectively).

In the Gaza Strip, food and non-food expenditures decreased for 14% of households and 20% of the food insecure. More than half of households (59%) decreased the quantity of the food bought and the majority (94%) decreased the quality of food they bought during the second trimester of 2009. However, almost all food insecure households in Gaza were unable to further reduce the amount of food they bought, as they had already reached their limits in this regards. Only quality of food could be further decreased. As a result of these expenditures changes, 34% of Gaza households reported eating lower quality food, 16% consuming less food, and 9% reducing the amounts consumed by adults in favour of their children.

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<sup>149</sup> WFP and FAO, January 2007 – West Bank and Gaza Strip: Comprehensive Food Security and Vulnerability Analysis (CFSVA).

<sup>150</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>151</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

Recent data confirmed earlier findings that many households do not pay their utility bills (water and electricity). About 1/3<sup>rd</sup> of West Bank households and nearly half of Gazan households resorted to this strategy but the possibility was exhausted for a many households lacking a reliable income<sup>152</sup>.

In the West Bank, 15% of households decreased their health and education expenditures. Removal of children from school was also reported in the Gaza Strip, as well as early marriage of daughters<sup>153</sup>. Other expenditures like house repairs are mostly foregone.

#### Strategies to get credit

Indebtedness to shop-keepers, relatives and neighbours is a widespread coping mechanism of households as a response to loss of income (e.g. unemployment, delayed salary payment, decreased sales of self-produced goods), lower purchasing power (e.g. increased prices, decreased gains from labour or sales) or essential expenditures (e.g. health).

Almost half of West Bank households resorted to credit to buy food during the second half of 2008, especially refugees in camps (57%). As expected food secure households were less likely to buy food on credit than food insecure households (respectively 33% and 60%)<sup>154</sup>. Similarly, 53% of Gaza households bought food on credit during the second trimester of 2009, especially among the food insecure households (60% versus 31% of the food secure)<sup>155</sup>.

However, access to credit from traders has decreased in recent years due to traders' fear of non-payment and their own difficulties to provide advanced funding for their business. Credit is preferably extended to households with a reliable income, including those who are food secure.

#### Displacement

Displacement is used when the security situation is untenable. Many Palestinians in the West Bank have fled from the areas most affected by violence and insecurity to other parts of the territory. This also includes the semi-nomadic Bedouins, many of whom have become urbanized as a result<sup>156</sup>. However, displacement does not necessarily guarantee a better access to income or assistance.

Arguably, in most cases displacement is 'forced' rather than voluntarily elicited by households. Displacement results from house demolitions and the denial of building permits, forced evictions and land confiscation for settlement expansion and related infrastructure, the construction of the West Bank Barrier and the revocation of residency rights in East Jerusalem, along with military operations and settlers' violence. The Israel attacks on Gaza at the end of 2008 also occasioned the displacement of about 70,000 persons. Restrictions of entry of construction materials have prevented reconstruction projects for over 15,000 housing units.

### **3.4.2 – Risks to lives and livelihoods associated with coping strategies**

While many of the coping strategies used by Palestinian households are in theory reversible, a number are likely to bear long-term negative effects on lives and livelihoods, such as:

- impaired food production and income generation capacity: due to the sale of land, animals and equipment;

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<sup>152</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>153</sup> Oxfam, 2007 – Quoted in: O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>154</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>155</sup> FAO & WFP, October 2009 – Socio-Economic and Food Security Survey Report, Gaza Strip.

<sup>156</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

- decreased future earning opportunities: due to school drop out and lower education levels as a result;
- unsustainable indebtedness, due to excessive uptake of credit;
- impaired nutritional status and health: due to unsatisfactory diet (excess carbohydrates and fats and micronutrient deficiencies) and delayed health treatment;
- loss of housing, social networks and work opportunities due to displacement (evictions, demolitions).

Besides traumatizations linked to the armed conflict, direct risks to lives are related to the prevention of, or significant delays, in accessing specific health services outside the territories, such as in Israel, Egypt or Jordan, as well as by the poor quality of equipment, lack of drugs and insufficiently trained health personnel. Food consumption-related coping strategies that result in the prolonged consumption of an inadequate diet can also lead to risks to lives for the most vulnerable groups especially if combined with disease, as their ability to fight infections decreases due to macro- and micronutrient unbalances and deficiencies. Groups at highest risk include young children (especially under 2 years of age), the elderly and those already chronically sick (tuberculosis, diabetes, HIV/AIDS). Maternal and neonatal mortality can also be heightened by anaemia and other nutritional deficiencies.

Risks to livelihoods are associated with coping strategies that decrease households' capacity to resist to future shocks (decreased resilience) and trigger a vicious circle of impoverishment, food insecurity and inability to generate income. Indebtedness is one of the strategies frequently reported by households that would fall in that category. Depletion of savings and assets is less widespread as their possession is limited in the first place, but is equally damaging to future livelihoods. Forced displacement is typically a last resort but potentially dramatic in terms of loss of belongings (including land and housing), jobs and severance of social networks, in addition to wide-ranging physical and psychological damage.

### **3.5 - Summary of the main causes and nature of food insecurity in the oPt**

The basic causes of food insecurity in the oPt are essentially linked to the conflict with Israel, with external factors (international economic context, weather-related events) playing a smaller role. In addition to the direct effects of violence, the closure policy is the main element affecting food security through internal (mobility inside the West Bank), external (access from the West Bank and the Gaza Strip to Israel and East Jerusalem), and external international (access from the West Bank to Jordan and access from the Gaza Strip to Egypt) restrictions.

These basic causes of food insecurity translate into underlying and immediate causes of food insecurity at household level, including: (i) limitations on food availability (production and imports); (ii) insufficient economic access to food (income, remittances); and (iii) impaired food utilization (dietary diversity, health).

#### **3.5.1 – Basic causes of food insecurity**

The basic causes of food insecurity related to the conflict and international economic context include:

- Violence and detentions that reduce the productive capacity of families;
- Military activities that destroy livelihood assets and reduce investment;
- The closure regime which:
  - hampers trade and access to internal and external markets;
  - decreases access to employment and incomes;
  - increases transportation costs and prices, particularly of perishable agricultural goods;



- limits investment and domestic production;
- restricts the provision of essential services from Israel and other countries;
- Israeli policies on land and property in the West Bank which affect agricultural activities;
- Planning regulations and the destruction of infrastructure and property which slow construction, limit investment and increase uncertainty<sup>157</sup>;
- Loss of income by Palestinian workers (in particular those who used to work in Israel) which indirectly affects the overall economy through reduced expenditure on total production<sup>158</sup>;
- Increased international prices of staple food and fuel, with effects on prices of imported food from Israel, production costs (e.g. agricultural inputs) and transportation costs;
- Global economic downturn which depresses business sales (an effect felt more in the West Bank than in the Gaza Strip);
- Climatic shocks (drought, frost spells etc.) are also basic causes of food insecurity given the absence of proper irrigation and insurance systems to prevent or mitigate crop losses.

### 3.5.2 – Underlying causes of food insecurity

As described in previous Sections, household food insecurity in the oPt is mostly explained by economic difficulties to access food. However, food availability is also constrained to some extent (besides the high dependence on Israel for imports) and food utilization (consumption, nutritional status) is sub-optimal.

#### Factors affecting local food availability:

- *Low crop production*, which is itself related to:
  - small acreage available at household level (access restrictions, population growth);
  - lack of availability of, and economic access to improved seeds, fertilizer, pesticide, and irrigation;
  - unfavourable weather in recent year: droughts in 2006 and 2008 combined with harsh frost and snow.
- *Low animal production*, which is itself a result of:
  - limited grazing land and overgrazing;
  - low fodder production in recent drought years;
  - shortage and high price of water.
- *Limited fishing outputs*, which are related to:
  - restrictions to fishing waters;
  - cost of fuel;
  - lack of spare parts and processing equipment.
- *Limited stability and variety of market supplies*, themselves reflecting:
  - low consumer demand (due to low incomes);
  - limited cash flows (restrictions on the amount of cash allowed to enter, particularly the Gaza Strip);
  - high cost of transportation (fuel, back-to-back truck operations);
  - lack of storage facilities (including cold chain).
- *Food losses* due to inadequate post-harvest, processing and refrigeration, themselves related to:

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<sup>157</sup> O’Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>158</sup> The World Bank, January 2008 – Economics of ‘Policy-Induced’ Fragmentation. The Costs of Closures Regime to West Bank and Gaza.

- disruptions of electricity supplies;
- lack of spare parts.

#### Factors affecting economic access to food and livelihoods

- *Low household income*, which is itself related to:
  - widespread unemployment: restrictions on mobility; reduction in work permits; and competition for limited skilled and unskilled jobs within the oPt;
  - low salaries and wages, such as PNA employees on the lower salary scales and workers who cannot access better paid jobs in Israel anymore;
  - insufficient skills, due to difficult access to tertiary level education and limited vocational training facilities, and to the cost of education relative to expected benefits;
  - limited gains from trade and business activities: lack of internal and external market for goods and services; curtailment of exports; and reduced household demand
  - levels of food aid and income transfers and safety nets insufficient to fill the total household consumption expenditure gap and unable to lift food insecure households out of poverty and food insecurity.
- *Increased food expenditures* due to elevated food prices, themselves related to:
  - depressed local food production which puts upwards pressure on local food prices;
  - high cost of imported food due to Israel's closure policy and international market price movements (though stabilized, food prices remain higher than the past years average for most staple foods).
- *High levels of non-food expenditures*, particularly for transportation, due to:
  - closure regime that forces households to use alternative roads;
  - increased fuel prices internationally.

#### Factors affecting food utilization (consumption and nutritional status)

- *Inappropriate diet compared to nutritional requirements*, linked to:
  - beliefs, cultural practices and lack of sufficient information and knowledge on proper infant and young child feeding practices and diet balance;
  - high cost of micro-nutrient and good quality protein food products (e.g. animal products, vegetables, fruits).
- *Inefficient metabolic use of nutrients* due to intestinal diseases and infections, itself resulting from:
  - poor access to safe drinking water;
  - limited quantities of water for cooking and hygiene;
  - lack of processing and refrigeration equipment;
  - lack of mechanisms and policy enforcing food safety standards.

### **3.5.3 - Chronic and transitory food insecurity**

Considering the long duration of the conflict, food insecurity of Palestinian households is mostly chronic. Absolute numbers of food insecure are likely to increase with the population growth unless the economic downturn can be reversed. In addition, abrupt worsening of the situation, such as a sudden tightening of the mobility restrictions in and out of the West Bank or of the entry of goods in the Gaza Strip, a climatic event (drought, pest infestation etc.), or an economic shock (e.g. high prices, financial downturn) are pushing vulnerable and already food insecure households

into deeper food insecurity and poverty. While for some households (marginally food secure) this situation may be transitory, the duration and/or repetition of these shocks are critically affecting their resilience and capacity to get back to the pre-shock status.

As a matter of fact, these types of “acute” shocks have cumulated since the start of the second Intifada in 2000 and largely explain the continuous deterioration of the socio-economic and food security situation of the population. Periods of “recovery”, essentially linked to progress on the political front, have been short-lived and insufficient to reverse the negative trends, and the rates of poverty and proportion of food insecure households have kept rising. It would seem therefore that very few food insecure households can be considered ‘transitory food insecure’ and the vast majority have become chronically so.

## **IV – Shocks and risks to food security, and opportunities**

Food insecure households in the oPt cumulate a series of adverse livelihood characteristics which render them vulnerable to economic (mostly conflict-related) and natural disaster shocks. Limitations of access to, and accumulation of, livelihood assets and constraints to livelihood strategies include:

- poor access to proper health care, water and sanitation, which jeopardize health and nutritional status in the short- and medium term, and work capacities in the longer term;
- limited access to higher level education opportunities, which constrain the acquisition of skills in the latest technologies and services, and access to higher earning occupations;
- lack of physical and natural assets (productive equipment, land, sea, fuel and other energy sources, irrigation and inputs), which limit the production of food and other goods, and income generation;
- insecurity and restrictions linked to the conflict which limit mobility and affect trade and possibilities to find alternative livelihood opportunities, and hence decrease resilience.

On the other hand, households in the oPt, including the food insecure, present strengths and capacities that enable them to cope quite remarkably in a context of recurrent and even increasing shocks. These capacities include:

- secondary education level of a relatively large proportion of the population, that should enable access to medium-skilled occupations;
- strong social networks of relatives, friends and neighbours, as well as charity organizations which provide reliable – though limited - support in times of hardship;
- solid business orientation and entrepreneurship potential.

The analysis of risks as a result of different shocks, opportunities and the implications for interventions, must thus take into account both the inherent vulnerability and the strengths of the population.

### **4.1 Short- and medium-term shocks, risks and opportunities**

#### **4.1.1 - Short- and medium-term shocks and risks**

At household level, according to the Socio-Economic and Food Security survey in the West Bank, during the second semester of 2008 the main shocks suffered by households were:

- high food prices (97% of households),
- sickness of a household member (54%),
- difficulties to access workplace, market or farmlands (19%),
- loss of assistance (14%), or
- loss of the main bread-winner’s job (10%).

Food insecure households were slightly more likely to have suffered from a reduction in aid assistance (18%) or loss of the main bread-winner's job (16%) than the food secure (11% and 4% respectively).

At the oPt level more generally, shocks most likely to occur in the short- and medium term include:

- seasonal climatic shocks: poor rainfall resulting in drought, winter frost, and limited amounts of water for human and animal consumption, and for irrigation;
- natural disasters: crop pests, animal disease (e.g. poultry); earthquakes;
- conflict outbreak: upsurge of violence with the Israeli Defence Forces and internal Palestinian fights;
- economic shock: persistent or increasing high food and fuel prices (forecasted internationally for the next 10 years), and rising unemployment linked to the global economic downturn and the closure regime (see Box 10);
- fragile capacity of service providers, including UN organizations and PNA, to maintain steady aid pipelines, fulfil distribution plans and adapt their eligibility and targeting criteria to the socio-economic and food security dynamics;
- industrial accidents; and
- pandemics (influenza H1N1 inter alia).

In addition, households may suffer specific idiosyncratic shocks including disease, death, and loss of assistance.

**Box 10 – Expected medium-term economic shocks in the oPt**

So far, West Bank and Gaza Strip economy has not been significantly affected by the global financial crisis, due to the lack of strong banking and trade links with the rest of the world. Nevertheless, the global recession could substantially reduce growth in Israel, which would adversely affect Palestinian exports, although these now represent only 15% of GDP.

In addition, employment is unlikely to grow in the West Bank given that: (i) the Government of Israel politically-determined policy of expanding employment in Israel and settlements should not be seen as permanent in light of the longer-term commitment to the policy of “separation”; (ii) the Palestinian public sector hiring is expected to remain strictly limited in the future due to the Palestinian Authority's commitment to reduce the size of fiscal deficits; and (iii) the private sector will not be able to sustain job creation in the context of restriction on people, vehicles and goods within the West Bank and between the West Bank and the Gaza Strip and the rest of the world. Similar impediments to employment prevail in the Gaza Strip.

The global recession could also reduce donor financing, as well as remittances from Palestinian in the diaspora.

*International Monetary Fund, 2009 – West Bank and Gaza Strip. Country Note.*

*UNRWA, June 2009 – The West Bank Labour Market, 2007-2008. A Briefing Paper. Draft.*

In order to be prepared, contingency planning exercises undertaken by WFP and the UN Country Team in August/September 2009 have narrowed down the shocks most likely to occur during the period September 2009-September 2010 in the West Bank and Gaza, as shown in table 8 below.

**Table 8 – Most likely shocks in the West Bank and the Gaza Strip for the period September 2009 to September 2010<sup>159</sup>**

West Bank	Gaza Strip
<ul style="list-style-type: none"> <li>• <b>Internal conflict/inter-factional violence</b>, linked to the opposition Fatah/Hamas and the perceived link between the Palestinian Security Forces and the Israeli Defence Forces (IDF)</li> <li>• <b>Increased settler violence</b> due to settlers'</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Medium- to large-scale Israeli Defence Forces (IDF) offensive</b>, similar or worse than Operation Cast Lead of end 2008, as a result of Palestinian rocket firing or other Palestinian attacks or kidnapping of IDF soldiers</li> </ul>

<sup>159</sup> Extract from the WFP and Inter-Agency Contingency Plan, August/September 2009.

<p>expectations of increased international pressure to freeze settlements, encouraging accelerated land grabbing, and IDF interventions to control settlers resulting in revenge seeking behaviours</p> <ul style="list-style-type: none"> <li>• <b>Water scarcity</b> due to drought, especially if repeated</li> <li>• <b>Outbreak of flu pandemic (H5N1/H1N1)</b></li> </ul>	<ul style="list-style-type: none"> <li>• <b>Continuation and entrenchment of the divide between the Gaza Strip and the West Bank</b>, linked to the opposition Fatah/Hamas and to confrontations of the Hamas with local religious groups and large families</li> <li>• <b>Disasters</b> including floods, earthquake, and rupture of the waste water treatment plant</li> <li>• <b>Outbreak of flu pandemic (H5N1/H1N1)</b></li> </ul>
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In terms of food security, shocks in the short and medium term will increase the risk or severity of food insecurity through:

- further decrease of food availability: production shortfalls and losses (e.g. crops, fishing), import restrictions, market disruptions;
- further decrease of economic access to food: decreased purchasing power due to inability to go to work and practice income-generating activities; exhaustion of food stocks; collapse of the remaining coping strategies (excessive indebtedness, distress displacement); loss of assets (e.g. housing) and infrastructure;
- further impairment of food utilization:
  - lower consumption of a varied and micronutrient-rich diet;
  - loss of access to health services; foregoing of health expenditures; increased infectious diseases due to consumption of contaminated water and low amounts of water available; and continued deterioration of health, water and sanitation systems.

#### 4.1.2 - Short- and medium-term opportunities

Since the beginning of 2009, the Government of Israel (GoI) has taken significant steps to ease movement restrictions in the West Bank and to allow greater access to West Bank markets for Arab citizens of Israel. At the same time, the security environment in the West Bank has improved dramatically. Together, these developments have led to increased investor confidence and more economic activity as Palestinian producers have regained some of their markets<sup>160</sup>. However, access to markets outside the West Bank is still severely limited, and much of the administrative system that undermines investor confidence and restricts access to natural resources, water and telecommunications frequencies, remains in place.

It is too early to conclude that the signs of new growth in the West Bank represent a trend towards sustainable economic growth, although they may lead for the first time in years to positive Palestinian per capita GDP growth in 2009. Much of the growth appears to have been generated by donor spending, which rose significantly in response to Israel's recent military operation in the Gaza Strip, and may not be sustainable. Furthermore, the lifting of some restrictions by the GoI can be easily withdrawn or replaced by other restrictions.

Assuming that the peace process moves forward and support growth-enhancing reforms and institution-building (including improvement in the trade environment, easing of restrictions on movement and ending of the Gaza blockade, PNA's prudent fiscal policy, and donors' financial assistance), the International Monetary Fund projects that real GDP growth in the West Bank and the Gaza Strip will increase to 5.5% in 2009, from about 2.3% in 2008. Real GDP growth in the West Bank is projected to rise from about 5% to 7%, while in Gaza there would be an upturn in growth from -5% to about 1%. However, this would imply that Gaza's real GDP per capita would continue to decline, in contrast to the West Bank where real GDP per capita would grow by about 4%, representing the first significant improvement in living standards since 2005<sup>161</sup>.

<sup>160</sup> The World Bank, 22 September 2009 – A Palestinian State in Two Years: Institutions for Economic Revival.

<sup>161</sup> The World Bank, 22 September 2009 – A Palestinian State in Two Years: Institutions for Economic Revival.

While the projected recovery would be a major achievement, it would still leave living standards below the pre-Intifada levels in 2000. For the recent upturn in the West Bank economy to translate into a sustained economic recovery, the relaxation of movement and access restrictions within the West Bank must be supplemented by further opening to Palestinian trade with Israel and the rest of the world. Reform of safety nets and development of an appropriate social assistance policy and strategy will also be needed.

At local level, various ongoing projects to support livelihoods and food security have already demonstrated their benefits on a small-scale and could be expanded to cover additional beneficiaries and locations, provided additional funding is mobilized and restrictions on entry of cash, raw materials, inputs, spare parts and equipment are relaxed.

## **4.2 - Longer-term shocks, risks and opportunities**

Longer term negative economic shocks linked to the conflict are difficult to predict but generally believed to be of high probability given the political stalemate. Climate change is also very likely to put food security at risk, especially when combined with the conflict. Another risk difficult to ascertain is the spreading of conflict involving various countries of the region.

At 3.4% per annum growth rate, the Palestinian population is expected to be 5.7 million persons by 2020 (3.5 millions in the West Bank and 2.2 millions in the Gaza Strip). By 2040, the population could grow to over 10 million (6.8 million in the West Bank and 4.1 million in the Gaza Strip). In the absence of an economy and territory able to sustain such numbers, it is likely that the coping mechanisms and adaptive capacity of the population will have reached their limits<sup>162</sup>. The National Social Protection Strategy currently under development within the Palestinian Development Plan of 2011-2013 includes the harmonisation of social safety nets operated by large service providers (UNRWA, WFP, MoSA, PEGASE).

### **4.2.1 – Politico-economic shocks, risks and opportunities**

#### Politico-economic shocks and risks

On the medium-/longer term, the macro-economic outlook of the oPt is subject to substantial risks<sup>163</sup>:

- delays in the disbursement of foreign aid and transfer to the PNA of its share of customs revenue: these are essential to avoid the re-emergence of liquidity problems and expenditure arrears;
- slow reform of PNA civil service and pension system, which will affect fiscal sustainability;
- continued restriction of movement of goods and people, which will severely hamper private sector growth and investment, reconstruction, and post-blockade recovery;
- continued restrictions on cash transfers to banks in Gaza, resulting in a persistent reduction of the ability of Gazans to cover their basic needs through cash payments.

These risks will have long-lasting negative effects on livelihoods and food security through:

- impaired food production and utilization: this will reflect the lack of investment in infrastructures, housing and services, itself due to the inability of the PNA to mobilize the necessary funds and lack of control on decisions;
- worsening economic access to food, as a result of rising unemployment, decreasing incomes and depressed business activities; increasing indebtedness; ever high reliance on in-kind food assistance; and decreasing self-sustenance capacity to access food without external support.

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<sup>162</sup> UNDP, July 2009 – Climate Change Adaptation Strategy for the Occupied Palestinian Territory. Report of Consultants to the UNDP/PAPP Initiative.

<sup>163</sup> International Monetary Fund, 2009 – West Bank and Gaza. Country Note.

### Politico-economic opportunities

Resumption of trade not only with Israel but also – crucially - with world markets, will contribute significantly to the revival of the Palestinian economy. The PNA has already signed a number of agreements that provide Palestinian goods preferential entry into other markets: generous trade agreements have been signed with the EU and Palestinian goods have duty-free access to the Arab market under the Arab Free Trade Area Agreement<sup>164</sup>. However, to be effective, these measures require: (i) significant improvement in trade logistics; and (ii) relaxation of Israel's strict control regime.

Increased use of trade routes through Jordan instead of Israel promises some time and cost savings, which will be particularly important for fragile goods that need immediate shipments and to increase the competitiveness of Palestinian products in the Gulf countries – a significant potential for Palestinian goods. This will require simplification of current procedures for crossing the Jordan border, increase in handling equipment and provision of cold storage facilities.

While the current closure regime is precluding discussion on trade routes for Gaza, the topic remains an essential factor in the long-term sustainability of the economy of the Strip. The Rafah crossing to ship goods from the Gaza Strip to Egypt is more efficient than through Israel's ports and airports, and provides direct access to the Gulf and other Middle East locations, as well as Europe. The Agreement on Movement and Access provides the legal basis allowing for Rafah to be used for exports, and the Arab League Agreement on Transit allows for duty-free transit of Palestinian goods through Egypt. However, there is still a need for straightforward procedures for a secure supply chain and agreement on transit protocols.

#### **4.2.2 - Climate change risks and opportunities**

##### Climate change risks and effects on food security, livelihoods and conflict resolution

The Middle East region is already considered the world's most water-scarce region and a region where, in many places including the oPt, demand for water already outstrips supply. Climate models are predicting a hotter, drier and less predictable climate. Higher temperatures and less rainfall will reduce the flow of rivers and streams, slow the rate at which aquifers recharge, progressively raise sea levels and make the region more arid. Extraction of water in the Gaza Strip is already 3 times the volume of renewable resources. Also in the Gaza Strip, sea level rise will impact infrastructure, increase coastal erosion and increase saltwater intrusion into the coastal aquifer upon which Palestinians depend for their drinking water. Added salinity will further compromise the water quality in the aquifer, which is already very polluted<sup>165</sup>.

Access to water is a particularly contentious issue as following the 1967 war Israel declared all water resources under military administration. Subsequently, Israel restricted Palestinian water use and exploitation by limiting the number of wells that could be installed. It is believed that, ultimately, resolving the water issue between the Israelis and the Palestinians will be a precondition for a durable two-state solution. The reduction of freshwater resources as a result of climate change will exacerbate political tensions with Israel. Furthermore, the ongoing effects of the Israeli occupation fosters a wide range of maladaptive policies and practices (e.g. subsidized water-intensive livestock farming by Israeli settlers and the destruction of Palestinian olive groves) that need to be prevented to allow the development of Palestinian resilience to climate hazards. Other maladaptive Palestinian practices (e.g. `unlicensed wells) also need to be addressed.

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<sup>164</sup> The World Bank, 2008 – An Analysis of the Economic Restrictions Confronting the West Bank and Gaza.

<sup>165</sup> Brown, Oli & Crawford, Alec -Rising Temperatures, Rising Tensions. Climate Change and the Risk of Violent Conflict in the Middle East. International Institute for Sustainable Development (IISD), 2009.

It is clear however, that climate change is not the only factor in the changing availability of water resources. Over the short term, population growth will probably reduce the per capita allocation of water at a much faster rate than the impact of climate change. Even more, the influence of climate changes on water availability and food security in the oPt is less significant than water allocation patterns and restrictions determined by Israel. Climate change is best seen as a ‘threat multiplier’ that exacerbates existing problems and vulnerabilities.

Agriculture is the Palestinian economic sector most sensitive to climate hazards, both current and future. While most of the oPt are subject to the negative effects of climate change, a preliminary review and stakeholders’ consultation<sup>166</sup> identified 3 areas as having particularly high levels of climate vulnerability: (1) Massafar Yatta (Hebron governorate) in the West Bank; (2) the easternmost oPt areas of the Jordan River Valley in the West Bank; and (3) the Gaza Strip.

The main anticipated effects of climate change by sector are summarized in Box 11.

**Box 11 – Main anticipated effects of climate change by sector in the oPt**

- Water
  - Increased water shortages from lower rainfall and higher evaporation;
  - Increased storm-water flooding from greater rainfall variability;
  - Insufficient rain to recharge aquifers;
  - Reduced surface and groundwater quality;
  - Lower supply of water from Israel.
- Agriculture
  - More frequent droughts and increased desertification;
  - Changes in economic viability of crops (e.g. shorter growing seasons);
  - Increased crop water requirements;
  - Decline in grazing ranges and stocks;
  - Higher food prices.
- Energy
  - Increased energy demands to cope with more temperature extremes;
  - Rising fuel demands to cope with water shortages.
- Public health
  - Increase in public health ailments related to the lack of water, such as diarrhoea, cholera and dehydration;
  - Increased heat stress from high temperature extreme events;
  - Spatial and temporal alteration of disease vectors, including malaria, Leishmaniasis and tick-borne diseases.
- Coastal management (Gaza Strip)
  - Saline intrusion into the coastal aquifer;
  - Land use impacts from sea-level rise and coastal erosion;
  - Soil degradation;
  - Loss of biodiversity.

*UNDP, July 2009 – Climate Change Adaptation Strategy for the Occupied Palestinian Territory. Report of Consultants to the UNDP/PAPP Initiative.*

Through its effects on water and agriculture especially, climate change will increase the risk, or the severity, of food insecurity in the oPt through:

- decreased food availability: lower agricultural (crop and animal) yields due to spreading desertification and decreased irrigation, and to less water and grazing land for animals; crop area changes due to decreases in optimal farming conditions; harvest and animal losses due to floods;
- decreased food access: rise of food prices related to decreased availability; decreased income from agricultural activities; increased water prices;

<sup>166</sup> UNDP, July 2009 – Climate Change Adaptation Strategy for the Occupied Palestinian Territory. Report of Consultants to the UNDP/PAPP Initiative.



- impaired food utilisation: poor health and nutritional status owing to (i) lower availability of water and subsequent increase of infectious diseases (diarrhoea, cholera); (ii) increased parasitic diseases; and (iii) increased malaria (rise in the population of mosquitoes and their distribution).

On the longer term, food shortages could also elevate existing tensions and increase domestic pressure for the PNA to secure the return of occupied lands. Equally, reduced agricultural productivity in Israel could shift the strategic calculation on whether to withdraw from these areas. Another concern is that perception of resources shrinking could increase the chances of the ‘pre-emptive’ seizure of resources, for example by Israeli settlers in the oPt<sup>167</sup>.

The legacy of conflict in the Middle East undermines the ability of countries to adapt to climate change. In the oPt, this is manifested *inter alia* through physical destruction of infrastructures (e.g. wells and water pumps in the oPt), a lack of statehood which prevents participation in international processes<sup>168</sup>, reduction in economic opportunities linked to restrictions of mobility, and a mutual unwillingness to cooperate over water and energy projects with Israel. The internal struggle for power between Hamas and Fatah and the oPt’s lack of geographic continuity also limits the scope for Palestinian action on climate change.

#### Opportunities from climate change adaptation

A somewhat optimistic view considers that adaptation projects could address core tensions between previously divided communities through:

- better water management: strengthening water management mechanisms, promoting water conservation and efficiency;
- agricultural development: providing supplementary irrigation using treated waster water; and
- disaster prevention: spreading drought-resistant crop varieties;
- better understanding: sharing skills and technologies.

Box 12 lists adaptation options identified for the oPt and prioritized as ‘no-regrets’ (low cost) and ‘low-regrets’ (medium cost) measures, on the basis of their high levels of adaptive capacity and technical feasibility<sup>169</sup>.

#### **Box 12 – ‘No-regrets’ (low cost) and ‘Low-regrets’ (medium cost) climate adaptation priorities for the oPt**

- **No-regrets (low cost) adaptation:**
  - Developing floods contingency plans;
  - Local increases of rainfall interception capacity;
  - Setting clear water use priorities;
  - Increased use of night irrigation;
  - Reviewing drinking water quality management systems to incorporate climate risks;
  - Increasing water and wastewater re-use.
- **Low-regrets (medium cost) adaptation:**
  - Increase in irrigation for highest value crops;
  - Increased use of water harvesting;
  - Increased organic olive oil production;
  - Rural livelihood diversification;
  - Precision agriculture: improved soil and crop management;

<sup>167</sup> Brown, Oli & Crawford, Alec -Rising Temperatures, Rising Tensions. Climate Change and the Risk of Violent Conflict in the Middle East. International Institute for Sustainable Development (IISD), 2009.

<sup>168</sup> The oPt has only an observer status to the United Nations and therefore cannot be a signatory to the United Nations Framework Convention on Climate Change (UNFCCC). It has an observer status in the Convention on Biological Diversity (CBD) and the UN Convention on Combating Desertification (UNCCD). As such, the Palestinian Authority is unable to play a role in international governance issues which may affect the oPt, and is not eligible for international funding under instruments like the Clean Development Mechanism (CDM) or large-scale projects of the Global Environment Facility (GEF).

<sup>169</sup> UNDP, July 2009 – Climate Change Adaptation Strategy for the Occupied Palestinian Territory. Report of Consultants to the UNDP/PAPP Initiative.

- Adaptive land use planning;
- Altering crop rotations for more tolerance to heat and drought;
- Reducing over-pumping of groundwater

UNDP, July 2009 – *Climate Change Adaptation Strategy for the Occupied Palestine Territory. Report of Consultants to the UNDP/PAPP Initiative.*

Israel has already convened a high-level committee to prepare the country for future climate change, and the PNA has been working with the United Nations to assess the challenge of climate change in the oPt. While much needs to be done, this is a first step towards addressing the impact of climate change in the oPt.

## **V – Assistance to address food insecurity and risks**

Since the beginning of the conflict with Israel, external assistance to the oPt has played a crucial role in mitigating the negative effects of the conflict on the food security situation of the population. While the importance of social solidarity mechanisms must be acknowledged (including networks of relatives, friends and neighbours, as well as local charities and NGOs), support from UN, bilateral and non-governmental agencies with food, cash and inputs has been instrumental to maintain a minimum level of food intake and access to other essential services, thus preventing a humanitarian disaster to unfold. As such, a review of the role of assistance in the oPt, its effects, constraints and implications for future interventions, is essential. In addition, a systematic review of assistance plans and actual delivery is key to complementing food insecurity estimates from household surveys like SEFSec. It is hoped that the ongoing Social Protection reform, led by MoSA with EC and the World Bank support, will address the need for systematic social assistance review.

### **5.1 - Role of assistance in the oPt**

#### **5.1.1 - Nature of the assistance to the oPt**

Due to the international attention paid to the Israeli-Palestinian conflict, significant aid (humanitarian and development) has been sent to the region. Although comprehensive figures are not available, the oPt ranked as the 11<sup>th</sup> highest recipient of aid worldwide, when cumulated between 1994 and 2006. The progressive decline of the economy resulted in an increased aid dependency: aid represented 14% of GNI in 1996 and 35% in 2006, making the oPt the 5<sup>th</sup> most aid-dependent country<sup>170</sup>. The importance of foreign aid on the overall oPt economy remains limited however. A World Bank analysis<sup>171</sup> estimated that a 10% increase in foreign aid raises the real GDP of the oPt by about 0.9%. In comparison, lifting of the closure restrictions that would increase by 10% the ratio of effective to potential working days would increase the real GDP by 1.2%.

Since the occupation began in 1967, the focus of aid to the oPt has shifted between humanitarian and development, depending on the political conditions. Donors focused on humanitarian aid before the Oslo process (1967-1993) and shifted to development aid during the Oslo years (1994-2000). They returned to humanitarian aid during the second Intifada (2001-2006) and switched back to budget support and limited development aid during the Fayyad-Abbas government in the West Bank (2007 onwards). Humanitarian assistance increased after the Israeli offensive against the Gaza Strip in 2008.

<sup>170</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>171</sup> The World Bank, January 2008 – Economics of ‘Policy-Induced’ Fragmentation. The Costs of Closures Regime to West Bank and Gaza Strip.

As a result of the rift in the PNA after the Hamas victory in 2006 and the formation of two governments (Fatah Party in the West Bank and Hamas Party in the Gaza Strip), aid has taken a slightly different emphasis in the Gaza Strip and in the West Bank, tending to be more humanitarian in the Gaza Strip, and more recovery/developmental in the West Bank – although the PNA budgetary support absorbs the bulk of aid resources. However, this division is not absolute given the need for longer-term livelihoods support in the Gaza Strip and persistent humanitarian needs in the West Bank. The Gaza Strip is blockaded by the Israeli army with only essential supplies allowed inside. This has severely reduced the distribution of aid by the Hamas Party (through charity organizations mostly from Arab and Muslim sources) and has provoked a near-standstill of the Gazan economy, further increasing its dependence on international humanitarian assistance.

In order to avoid total collapse of public services and infrastructures, the European Commission and the World Bank established in 2006 a Temporary International Mechanism (TIM) to forward funds to the oPt while preventing the Hamas government from using and managing these funds. Early 2008, TIM was replaced by PEGASE (Palestine-Europe Gestion de l'Aide Socio-Economique) for the next 3 years, but normal aid relationships continued to be restricted to the West Bank with only limited payments used for the Gaza Strip (such as fuel shipments). Since the PNA lacks sufficient sources of income to maintain itself through taxes, aid is essential for its continued existence.

#### **5.1.2 – Livelihood support interventions in the oPt**

Humanitarian assistance has shielded Palestinians from the full effects of the conflict and occupation, enabling beneficiary households to reduce consumption expenditures. However, it did, and still does, little to address underlying and basic causes of food insecurity and poverty, including unemployment and economic decline. Yet, a number of livelihood support activities are being carried out in the oPt, with some potential to tackle the underlying factors of food insecurity. These interventions include:

- cash- and food-for work which help farmers to stay on their land, provide a safe form of employment close to people's homes;
- vouchers for food, in particular in response to the high food prices crisis and low purchasing power of household in urban areas;
- school snack or meals as a safety net, to provide an economic transfer to households;
- provision of basic inputs such as water, fodder, seeds and tools - in particular in response to the 2-year drought – and support to raising of small animals (poultry, rabbits);
- poor-to-poor interventions: vulnerable families receiving fresh vegetables and animal products bought from poor farmers;
- promotion of access to international markets for Palestinian goods, through advocacy and local-level negotiations (mostly in the West Bank), improvement of quality and processing, and support to producer groups and small- and medium-sized enterprises;
- micro-finance;
- water projects such as the renovation of water systems;
- support to cooperatives; and
- training in improved production practices.

However, these interventions are not sufficient by themselves to enable self-sufficiency and food security. As a result, direct food and cash assistance remain an indispensable complement.

## West Bank

The Socio-Economic and Food Security Survey conducted in the West Bank<sup>172</sup> indicated that almost 1 out of 3 households (31%) had received assistance during the second semester of 2008. About half of the beneficiaries (52%) received food parcels and more than one third (35%) received cash. Other types of aid included medical assistance (5%), job creation (3%) and support with education fees (2%) but benefited a much lower number of households. Less than 1% received support for income-generating activities. These proportions are lower than those reported in the mid-2008 household survey, possibly reflecting decreased resources for aid agencies.

About 60% of West Bank women-headed households received assistance, compared to 27% of male-headed households. Refugees in general and refugees in camps more particularly, were also more likely to receive aid: 68% of camp refugees versus 33% of rural households, 27% of urban households, and 25% of non-refugees. Camp refugees aid coverage (68%) was much higher than the proportion of food insecure in these camps (29%)<sup>173</sup>. For the other groups, aid coverage was relatively close to the proportion of food insecure but this does not mean that all the food insecure are perfectly targeted: only about 1/3<sup>rd</sup> of beneficiary households were food insecure (see Sections 5.2.1 and 6.2).

The economic value of assistance was NIS 198/month for rural beneficiaries, NIS 173/month for urban beneficiaries and NIS 167/month for camp refugee beneficiaries. Beneficiary refugees outside camps received the lowest amount with NIS 157/month.

Most beneficiary households in the West Bank were satisfied with the aid received (83%). Main reasons for dissatisfaction were low frequency of receipt (46%), insufficient quantity (36%) and quality (16%). Half of beneficiary households confirmed that aid received complemented their income and 31% said that they would not have been able to manage without it.

## Gaza Strip

According to the Socio-Economic and Food Security Survey<sup>174</sup> covering the 2<sup>nd</sup> trimester of 2009, 71% of Gazan households were receiving assistance. Most of those benefiting were getting food. Of those receiving also non-food support (about 1/3<sup>rd</sup> of the beneficiaries got two types of assistance), 1/3<sup>rd</sup> got cash and 1/4<sup>th</sup> from medicine.

Humanitarian assistance was a source of income for 73% of the households, up from 69% before the Israeli offensive.

### **5.1.3 – Main assistance providers in the oPt**

In 2008, there were about 669 organizations distributing food aid in the oPt<sup>175</sup>. After the start of the second Intifada in September 2000, the UN established its Office for Coordination of Humanitarian Affairs (OCHA) in order to coordinate the massive emergency aid efforts.

## United Nations agencies

- UNRWA

The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) is a key source of humanitarian aid and development assistance to the Palestinians. Under its 2009

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<sup>172</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>173</sup> Proportion mentioned is post-assistance food insecurity prevalence.

<sup>174</sup> FAO & WFP, October 2009 – Socio-Economic and Food Security Survey Report, Gaza Strip.

<sup>175</sup> Palestine Economic Policy Research Institute, 2009 – Quoted in: O’Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

Emergency Appeal, UNRWA planned to assist 53% of the refugee population in Gaza (125,000 households) with 6 rounds of food assistance covering 60% of their daily needs, and 200,000 students with snacks. The Agency further planned to assist around 60,000 families in West Bank, around 30% of the registered population. By mid-2009, UNRWA programmes covered:

- in the West Bank: general food distributions to some 70,000 members of needy households, cash assistance to 21,000 members of vulnerable groups (including pregnant women and lactating mothers), and non-food items to some 204,000 persons;
- in the Gaza Strip: general food distributions to 650,000 emergency caseloads and 100,000 Social Safety Net caseload, and school feeding for 208,000 students. In the immediate aftermath of Operation Cast Lead, food aid was extended to around 900,000 refugees.

Other types of support provided by UNRWA are summarized in Box 13.

**Box 13 – Non-food support provided by UNRWA to oPt refugees**

Over the past 60 years, UNRWA has been a principal agent for Palestinian human development in the oPt. The Agency is the main provider of basic services to refugees in the oPt, who comprise around 40% of the total population and a majority in Gaza. More than one third of all registered refugees in the oPt live in 27 officially-recognized refugee camps, whilst over half are below the age of 18.

As part of its regular programme of work in the oPt, UNRWA delivers basic services and relief assistance to the registered refugee population, through education, health, relief and social services, microfinance and infrastructure programmes. Since the outbreak of the *Al Aqsa Intifada* in 2000, the Agency has administered a dedicated emergency programme aimed at mitigating the effects of the *Intifada* and providing refugees with a basic social safety net.

UNRWA provides nine years of basic education to over 250,000 pupils across nine grades in 300 elementary and preparatory schools. All registered refugee pupils are eligible for basic schooling in UNRWA-run schools up to the age of 14 before continuing their studies in other institutions. The Agency also provides technical and vocational training and teacher training through four training centres and two teacher training centres.

Some 70% of all registered refugees in the West Bank and 80% in the Gaza Strip accessed UNRWA's preventive and curative health services in 2008, but this health system is overstretched. UNRWA also provides environmental health services to maintain acceptable standards of solid-waste management, provision of safe water and sanitation in refugee camps, and has supported municipalities and providers of utility services on several occasions<sup>176</sup>.

Outside of its emergency programme, UNRWA provides relief assistance to about 94,000 'Special Hardship' cases in the Gaza Strip and around 34,000 in the West Bank, such as the elderly, disabled and sick, as well as people living in extreme poverty. This includes food and cash assistance and community based interventions. Comprehensive programme reform is underway, with a view to moving towards a poverty-based targeting approach for relief assistance under this programme.

UNRWA also provides credit and loans through its Microfinance Department, which is the foremost microfinance institution in the oPt. Since its inception in 1991, the programme has financed around 140,000 loans valued at more than \$125m through a network of branch offices throughout the oPt. As of December 2008, almost 30 % of all active microfinance loans in oPt were provided by UNRWA.

Other support provided by UNRWA includes employment programmes, cash and in-kind assistance, reconstruction and repair of conflict-damaged infrastructure.

According to the Socio-Economic and Food Security Survey in the West Bank<sup>177</sup>, UNRWA was the main source of support for 35% of assisted households, and the second source of support for 22% during the 2<sup>nd</sup> semester of 2008.

<sup>176</sup> 62<sup>nd</sup> World Health Assembly, 2008 – Report of the UNRWA Director of Health: The Palestine refugees in the oPt.

<sup>177</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

- WFP

WFP launched its second Protracted Relief and Recovery Operation (PRRO 10387.1) in the oPt in September 2007, to meet the food needs of the most vulnerable non-refugees. The PRRO's main objective was to "contribute to the realization of the PNA mid-term development plan by assisting the [non-refugee] destitute, protecting livelihoods, supporting productive activities, and developing skills".

The specific objectives and type of programmes implemented in the PRRO are summarized in Box 14.

**Box 14 – Main objectives and components of WFP Protracted Relief and Recovery Operation 2007-2009**

Specific objectives of the PRRO are to:

- meet basic food needs of the destitute;
- prevent destitution and distress coping strategies of vulnerable groups;
- meet the immediate food needs of groups unable to access food during emergencies and crises;
- prompt self-reliance through preservation of productive assets;
- support income generation for poor farmers;
- promote self-reliance through training for the chronically unemployed;
- impart life skills and promote good nutrition, health, care, hygiene and sanitation for vulnerable groups (with a focus on women); and
- reduce short-term hunger, improve attendance and promote income transfer and social cohesion.

These objectives were addressed through 3 components:

1- Protracted emergency and relief

- Assistance to the Destitute:
  - targeted food distribution to households registered under the Ministry of Social Affairs (MoSA) special hardship programme;
  - institutional feeding for individuals in elderly homes, orphanages and hospitals.
- Assistance to Vulnerable Groups: targeted food distribution to urban households whose food security situation worsened

2) Recovery through support for productive activities and skills development

- Food-for-Work: to preserve productive agricultural and fishery assets;
- Food-for-Training:
  - to contribute to self-reliance by imparting marketable skills and producing consumer products to support livelihoods diversification;
  - to provide Life Skills for women and girls to impart literacy and numeracy and promote good nutrition, health, care, hygiene and sanitation.

3) Enhanced knowledge, partnerships and advocacy

- School feeding (West Bank): nutritious snacks prepared by women's associations (through Food/Cash-for-Work) for preschool and primary school children.

Some 665,000 beneficiaries were targeted in the PRRO, including 413,000 in the West Bank and 252,000 in the Gaza Strip. In response to the effects of the Israeli's offensive in the Gaza Strip at the end of 2008, WFP implemented an Emergency Operation (EMOP) in order to accommodate for the increased caseload. By August 2009, WFP assistance reached 80% of the non-refugee Gazan population. The total number of WFP beneficiaries in the oPt is about 764,710 people (see table 9).

**Table 9 – Type of WFP programmes and beneficiaries in the oPt as of October 2009**

Type of programme	West Bank	Gaza Strip
<b>Assistance to the Destitute</b>		
• Food distributions	98,850	85,504
• Institutional feeding	9,610	5,000
<b>Assistance to Vulnerable Groups</b>		
• Food distributions	167,340	161,175
<b>Food-for-Work / Food-for-Training</b>	29,220	-

Type of programme	West Bank	Gaza Strip
Food vouchers	31,120	15,145
School feeding	63,567	92,183
<b>Total beneficiaries</b>	<b>399,707</b>	<b>365,000</b>

As a response to the high food prices, WFP implemented a specific West Bank EMOP which introduced a food voucher programme in early 2009 to assist the urban food insecure population. These vouchers can be exchanged in local shops for bread, eggs, cheese, yogurt and milk. The programme reaches 31,120 poor, unemployed people in urban areas by mid-2009. A similar voucher programme was introduced in the Gaza Strip in mid-October 2009, targeting about 2,330 urban families (15,145 beneficiaries) amongst the poorest and most food insecure. The main objective of the Urban Voucher Programme is to protect the depressed livelihoods of urban, food insecure households who are suffering both from the risk of poverty from unemployment and from the risk of hunger due to the global food crisis. The project has a second objective of stimulating local markets and local production at micro level.

WFP supports local markets and local production through local procurement of commodities, among which several are produced locally (dairy products, iodized salt, biscuits, canned meat). WFP also supports local mills in the West Bank and the Gaza Strip with the milling of large quantities of grain cereals.

WFP, UNRWA and the Ministry of Social Affairs have begun to move away from status-based targeting (such as families with elderly or disabled members, female-headed households, medical cases, income status etc.), to needs-based targeting, using proxy means testing based on poverty,(see Section 6.2.1).

- FAO

FAO works towards the rehabilitation and revitalization of the agricultural sector in the West Bank and Gaza Strip. FAO restores livelihoods and improves local food production through multidisciplinary agricultural support programmes in the oPt including inputs and fodder distributions ((about 7,920 beneficiaries in the West Bank and 3,955 in the Gaza Strip from mid August 2008 to mid-August 2009), small-scale animal distributions (about 300 beneficiaries in the Gaza Strip), training and technical support to farmer communities (reaching some 2,360 farmers in the West Bank).

In addition, FAO also supports agricultural sector coordination, policy, strategy formulation and planning, and food security monitoring, and provides data and analysis to inform actors in agriculture and food security. As the Sector Lead for agriculture in the framework of the UN Consolidated Appeal Process (CAP) process, and Technical Advisor to the Agriculture Sector Working Group, FAO has developed together with MoA and sector actors functional networks and coordination mechanisms and tools for the agricultural sector in the oPt.

- UNDP

In mid-2007, UNDP launched the Deprived Families Economic Empowerment Programme (DEEP) as a pilot intervention for chronically poor families in the oPt. DEEP merges Promotional Safety Net activities with microfinance services to create a pathway for poor families to graduate from poverty. It also has a capacity building component for partner NGOs. It targets 4,000 of the poorest families and aims at providing support to 12,000 other poor families to enable them to access financial services from microfinance institutions. DEEP offers a number of employment alternatives, including agriculture, commerce, industry, services, job placements and training. A one-time grant is provided with ceilings ranging from US\$4,000 to US\$8,000 according to the size of family and type of intervention.



- UNICEF

In the West Bank, UNICEF programmes focus on nutritional status improvement through nutrition surveillance, promotion of infant and young child feeding practices, vitamin A and iron supplementation, and operational research on breastfeeding and micronutrient deficiencies. These programmes reach about 68,000 under-5 children in the West Bank.

#### Donors and international finance institutions

Accurate and comprehensive figures are not available, but data from the 2005 Consolidated Appeal Process (CAP) showed that the European Commission and European countries contributed to more than half of the foreign aid flows to the oPt<sup>178</sup>. Japan, Arab states and the United States each provided more than 10% of total aid. Donors' political interest is mainly linked to the large sources of oil in the Middle East and the strong correlation between wars in the region and the price of oil.

The Middle East Quartet (US, EU, Russia, UN) TIM/PEGASE mechanism supported by many donors besides the EU, provides direct support for PNA employees who deliver essential social services. Allowances are intended to reach 80% of civilian employees on the PNA payroll. The total amount of contributions from Arab and Muslim states and institutions is unknown but has played a crucial role in supporting the Gaza Strip despite the Western countries' international boycott following Hamas Party's victory in the 2006 elections

The World Bank is financing several projects<sup>179</sup> that aim at enhancing directly or indirectly household income levels and improving services (see Box 15).

#### **Box 15 – World Bank's projects supporting food security and livelihoods in the oPt**

- Social Safety Net Reform: putting in place a transparent targeting mechanism that provides cash benefits to poor households;
- Emergency Services Support: funding 90% of non-salary recurrent expenditures for key social ministries (particularly Health and Education);
- North Gaza Emergency Sewage Treatment: creating an infiltration basis to drain the lake and prevent health, safety and environmental problems for the local population, and constructing a wastewater treatment plant as a sustainable long-term solution;
- Gaza II Emergency Water: improving water services in terms of quantities (additional wells) and quality (monitoring), providing continuous rehabilitation, maintenance and replacements of equipment, and supporting the functioning of Coastal Municipal Water Utility;
- Second Emergency Municipal Services and Rehabilitation: funding infrastructure rehabilitation and maintenance to help mitigate further deterioration in the delivery of essential municipal services, such as solid waste collection, street lighting, provision of water, wastewater and electricity services, street cleaning, rehabilitation of existing infrastructure, and labour intensive employment;
- Palestinian NGOs III: providing social services to the poor, vulnerable or affected by the deteriorating socio-economic conditions, by establishing an effective mechanism to improve the quality and sustainability of NGO social service delivery;
- Electric Utility Management: supporting the rehabilitation of basic physical infrastructure, institution building, private sector development, and regulatory and institutional reform over the medium term.

*The World Bank, 2 March 2009 – Fund-Channelling Options for Early Recovery and Beyond: the World Bank Perspective. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza.*

The Swiss Development Cooperation is supporting projects aimed at stimulating Palestinian consumer confidence in, and support for, Palestinian goods, including<sup>180</sup>:

<sup>178</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>179</sup> The World Bank, 2 March 2009 – Fund-Channelling Options for Early Recovery and Beyond: the World Bank Perspective. International Conference in Support of the Palestinian Economy for the Reconstruction of Gaza.

<sup>180</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.



- capacity building on management and marketing skills of small- and medium enterprises;
- development of quality assurance branding;
- creation of media and marketing campaigns encouraging people to buy local; and
- support to the formation of cooperatives that help coordinate production, minimise surpluses and maintain prices.

The Danish Foreign Ministry - as well as ACF and Oxfam - has organized trade fairs to increase economic activity between Israeli traders and Palestinian producers, thereby supporting agricultural production and income generation in oPt. Other donors including Italy, Spain, Japan, and Norway also contribute to support agriculture and food security in the oPt.

#### NGOs and the Red Cross and Red Crescent Movement

A number of international NGOs deliver assistance in the oPt, although some are restricted by Israeli authorities in their activities due to the perceived support to the Palestinian economy and politics, as well as by insecurity. The sector has become an important source of employment and income for many Palestinians, especially given the increased limitations on mobility within and across the oPt.

However, the restrictions against working with national NGOs for fear of association with Hamas led to an increase in direct implementation of relief and/or development programmes and to ensuing suspicions of being implementers of foreign policy agendas, with corresponding security risks for Western agencies.

The ICRC, Oxfam, CISP, CARE, Action-Contre-la-Faim (ACF), CRS, CHF and PARC (local NGO) implement interventions to provide people with alternative income-earning strategies, such as<sup>181</sup>:

- bee-keeping;
- roof top (for the urban poor) and backyard gardens;
- inland fishponds for fishermen in Gaza;
- crop and livestock inputs (seeds, fertilizer, fodder);
- land rehabilitation, compost production;
- distribution of rabbits;
- vocational training, of which dairy processing and beekeeping are two of the most successful;
- support to marketing of Palestinian goods through trade fairs.

Mercy Corps, CARE, Oxfam and PARC carry out interventions supporting the local economy such as:

- poor-to-poor interventions whereby vulnerable families (about 70,000) receive fresh vegetables and protein-rich food bought from poor farmers, including female-headed and small scale producers, thus providing the farmers with a continuous market and fixed income; and
- local procurement of food for distributions.

As mentioned, ACF and Oxfam have also organized trade fairs to enhance economic exchanges between Israeli traders and Palestinian producers, and PARC is supporting the export of Palestinian farmer produce through the Fair Trade mechanism as well as facilitating access to some Arab Gulf countries.

#### Palestinian National Authority and local charities

The Socio-Economic and Food Security Survey in the West Bank<sup>182</sup> indicated that 21% of assisted households considered PNA as their main source of support during the second half of 2008, and 29% mentioned it as their second source.

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<sup>181</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

<sup>182</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

Within the PNA, the Ministry of Social Affairs and the Ministry of Agriculture are the most involved in supporting livelihoods and food security, either directly or in conjunction with UN and other international organizations. Box 16 summarizes the main responsibilities of both ministries under the Thirteenth Government published in August 2009. The sector strategies under formulation for the Social Protection and Agriculture sectors will also provide the programmatic framework for enhanced coordination among stakeholders. The extent to which these plans translate into practice depends on the resources made available to the PNA (as well as on relaxations of the controls imposed by Israel).

Zakat committees also provide or support some social assistance and safety net programmes.

**Box 16 – Main responsibilities of the Ministry of Social Affairs and Ministry of Agriculture related to livelihoods and food security**

Ministry of Social Affairs

- Provide social protection to poor and marginalized groups through:
  - cash transfers to: severely impoverished families; families affected by the occupation in Gaza, areas adjacent to the Separation Wall, Jerusalem and the Jordan Valley; and orphans;
  - food packages to: the 60% poorest families not receiving cash assistance; and pregnant and lactating mothers in the 40% poorest families; hot meal to children in nurseries in pockets of poverty areas;
  - health insurance to: the poorest 70% of the most impoverished households; the elderly living in the 30% poorest households;
  - social care, rehabilitation and protection to the disabled and the elderly below the extreme poverty line;
  - training and funding to small-and-medium enterprises run by economically deprived households, the disabled, female-headed households and impoverished graduates from universities and other tertiary education establishments.
- Enhance targeting and effectiveness of social protection activities (legislation, development of the Ministry's structure and performance, relationships with other agencies etc.).

Ministry of Agriculture

- Improve food security and promote self-sufficiency through:
  - establishing agribusiness projects that generate income and employ large numbers of workers;
  - marketing and raising the quality of Palestinian agricultural products;
  - enhancing poor households' production.
- Promote economic viability and inward investment in the agricultural sector through:
  - promoting economically viable crops;
  - encouraging the establishment of private companies to market agricultural produce;
  - protecting Palestinian agricultural products from unfair and anti-competitive market practices;
  - developing and improving livestock productivity;
  - encouraging financing of agricultural businesses.
- Develop, manage and utilize natural resources (land and water) through:
  - reclaiming and rehabilitating land, constructing agricultural roads, and digging collection wells;
  - developing water sources used for agricultural purposes, promoting the competent use of irrigation, and using treated saltwater and wastewater in cultivation;
  - tree planting.
- Promote effectiveness of agricultural service delivery (modernization of Ministry's structure and capacities, updating strategy, legislation etc.).

*Palestinian National Authority, August 2009 – Palestine: Ending the Occupation, Establishing the State. Programme of the Thirteenth Government.*

## 5.2 - Constraints and implications for assistance programmes in the oPt

### 5.2.1 - Constraints for assistance programmes in the oPt

#### Targeting difficulties

The Socio-Economic and Food Security Survey in the West Bank<sup>183</sup> indicated that targeting needs to be improved, as the proportion of households receiving assistance did not match the proportion of food insecure households at governorate level during the second half of 2008. High proportions of food insecure households were found in Qalqilya, Jenin, Jerusalem and Hebron governorates but low or average proportions were receiving assistance. Conversely, below average proportions of households were food insecure in Nablus, Tulkarem, Jericho, Ramallah and Al Bireh, Bethlehem and Salfit governorates but high proportions of households were assisted. On the other hand, almost 2/3<sup>rd</sup> of households, who did not receive assistance, some of them being food insecure, mentioned that they had not applied for any kind of assistance, thus explaining their non-coverage.

Imperfect targeting in the West Bank can be attributed to various factors:

- under-reporting of assistance received;
- disruption of distributions (e.g. UNRWA during 2008);
- growing population in a context of stable poverty levels, resulting in an absolute increase of the number of poor - and likely food insecure - people, who may not be included in aid agencies' caseloads;
- targeting mechanisms unable to capture dynamic socio-economic modifications and insufficiently flexible to accommodate changing livelihood groups who need assistance.

Conversely, targeting of aid in the Gaza Strip was considered satisfactory<sup>184</sup> with 71% of Gaza population receiving humanitarian assistance, out of which more than half receiving one type of assistance (66% - essentially food), 34% receiving two types of assistance (food and cash, or food and medicine) and 8% receiving three types of support. Yet, about 16% of the food insecure households did not receive any assistance (exclusion error), while 8% of the food secure households benefited (inclusion error). For the food secure households receiving assistance, the figures may indicate some mis-targeting of assistance but it may also reflect a lift in households' food security levels thanks to the assistance received

See Section 6.2.2 for practical implications in terms of targeting modalities.

#### Entry of materials and cash and permission to operate

In the Gaza Strip, restrictions on entry of materials and cash prevent the implementation of a number of relief and recovery activities. The lack of building materials and spare parts impedes repairs, reconstruction of destroyed assets (houses, water, sanitation and energy systems) and building of new infrastructure (e.g. houses, schools). In turn, these insufficiencies limit access to employment, income and food that could be obtained from construction and food- or cash-for-work projects.

Restrictions on the regular transfer of currency between the Palestinian banks in the West Bank and their counterparts in the Gaza Strip have prevented or delayed the PNA to pay salaries and benefits to PNA civil servants and disrupted banking operations. Cash transfer disruptions also precluded UNRWA from paying salaries of its staff in Gaza as well as continuing the implementation of its cash assistance programme to social cases. The Israeli authorities have authorised the entry of banknotes again in the Gaza Strip early 2009, although the amounts are

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<sup>183</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

<sup>184</sup> FAO & WFP, October 2009 – Socio-Economic and Food Security Survey Report, Gaza Strip.

still below the requirements for normal bank and business operations, and foreign exchange currency (US dollars, Jordan) is in short supply.

Permission for steady flow of cash to enter Gaza is essential to enable the implementation of cash transfers and/or services support projects. Lifting of restrictions to the entrance of basic materials, including cement, steel, glass, equipment and spare parts, is a prerequisite to the implementation of projects involving repairs, reconstruction and maintenance.

In the West Bank, the Israeli authorities have increased their requirements for UN agencies and NGOs to operate, thus increasing the difficulties to deliver and implement assistance programmes.

#### Politicisation of aid and insecurity

Aid in the oPt is heavily political. While aid is indispensable to the economy and the Palestinian population, by keeping widespread hunger and diseases at bay, it can also be perceived as 'normalizing' a situation of occupation and delaying a permanent solution. In addition, aid agencies are sanctioned by their donors if they have contacts with the Hamas Party or organizations affiliated with it<sup>185</sup>. They also face increasing difficulties to provide services due to Israel hindrances and pressures, which limit their access to the oPt (e.g. by refusing visas) and to necessary inputs and labour (e.g. by restricting hiring choices). Israeli military attacks as well as internal Palestinian clashes also create insecurity for aid workers.

#### Aid economy

Because of the Paris Protocols, it is often cheaper to import goods to the oPt from Israel than from other countries. This creates a lucrative business for Israeli companies. Development aid is nearly impossible to achieve as Israel sees support to the oPt economy as increasing risks of business competition<sup>186</sup>.

### **5.2.2 - Necessary linkages between assistance and protection in the oPt**

The political dimensions of the assistance given to the oPt require aid providers to get involved, directly or indirectly, in strategic negotiations alongside the provision of assistance. As long as access to the oPt remains restricted by Israel and prevents the delivery of material and services, as well as the mobility of persons and goods into and outside of the territories, the efficiency and effectiveness of humanitarian, recovery and longer-term assistance will remain low. This requires continuous dialogue and advocacy to the Israeli authorities, including on human rights and humanitarian law issues. Dialogue and synergy of efforts between the various stakeholders are also essential to deliver a consistent and coherent message.

Protection and livelihoods in the oPt are closely linked. The conflict has a wide range of impacts on livelihood assets (land, equipment, supplies) and strategies (cultivation, employment, trade), and, as a result, on food security. The combination of livelihood support and protection activities has therefore clear benefits<sup>187</sup>. As described previously, a number of agencies, including WFP, are already engaged into such activities. OCHA and UNRWA also liaise with the Israeli authorities to agree predictable opening times for farmers and communities, sometimes using agricultural calendars to show the need for continuous access.

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<sup>185</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>186</sup> Hever, Shir - Political Economy of Aid to Palestinians Under Occupation. The Economy of Occupation, Socio-economic Bulletin No.17-18. The Alternative Information Center (AIC). November 2008.

<sup>187</sup> O'Callaghan Sorcha, Jaspars Susanne, Pavanello Sara – Losing Ground: Protection and Livelihoods in the Occupied Palestinian Territory. ODI Humanitarian Policy Group (HPG) Working Paper, July 2009.

In order to link assistance with protection, the needs of groups at risk due to the linkages between their livelihoods and the conflict (type of income or food production activities, geographical location) should be specifically assessed, in addition to the 'classical' food insecure and poor groups. These groups at risk include farmers at risk of losing their land (proximity to the West Bank Barrier, Israeli Defence Forces incursions), and households at risk of losing their income source due to the West Bank Barrier, settlements and closure regime.

## **VI – Recommendations for interventions**

### **6.1 – Type of assistance**

Food assistance and livelihoods support continue to be indispensable for the oPt population in order to reduce reliance on potentially damaging or risky coping strategies (poor food consumption, sale of assets, indebtedness, withdrawal of children from school, distress migration/displacement, over-exploitation of natural resources, illegal or exploitative work). Households' difficulties have been compounded in the past 2-3 years by the increase of food and fuel prices (which have decreased in 2008 but not at their pre-crisis level), the global financial crisis (which is affecting employment abroad and potential remittances or other support from the Palestinian diaspora) and drought.

The amount of assistance provided must be sufficiently high not only to prevent households to fall into poverty and food insecurity, but also to lift others out of poverty and food insecurity. The right mix and quantity of assistance must be defined on the basis of a systematic follow-up of changes in the situation of beneficiaries (see Section 6.3).

Food and livelihood assistance should be complemented by protection efforts to reduce risks to livelihoods linked to the violence and closure regime, in order to prevent - and not only respond to - lives and livelihoods threats. It is clear however, that food security, livelihoods and protection interventions will have limited impact until the basic causes of food insecurity, loss of livelihoods and protection needs are addressed through advocacy and policy measures. The resolution of the peace process and end of the occupation are needed to lift constraints on economic investment, development of infrastructure and services, and growth.

On the donors' side, until the basic causes of food insecurity are removed, reliable and steady financial and in-kind contributions are required to avoid breaks of essential food and non-food assistance, and to enable the provision of levels of assistance sufficient to raise beneficiaries out of their poverty and food security gap. This also includes budgetary support to the PNA given the high reliance of households on public employment for their income.

Most of the interventions listed below have already been identified in previous studies and many are ongoing, though sometimes at a low scale and with dwindling resources. Additional efforts are required to improve response planning and coordination given the continuous deterioration of the economic situation.

#### **6.1.1 – Interventions to increase food availability**

Local food production can be supported through:

- Local procurement, food vouchers and “poor-to-poor” interventions with a focus on diversification and import substitution integrated into other assistance programmes (e.g. school feeding, social programmes);
- Provision of crop, tree nurseries and livestock inputs and/or extension of micro-finance schemes;
- Land reclamation, rehabilitation of agricultural equipment;
- Support to processing and marketing of high-value agricultural commodities such as vegetables and olive oil in Israel and internationally, through: training and extension services, provision of

tools/equipment, capacity building of producer groups to improve quality and processing, and seeking to establish and develop links between Palestinian and Israeli traders (e.g. using trade fairs);

- Increase water access for irrigation and animals through:
  - improved water management (minimization of losses) through water harvesting and waste water treatment;
  - repairs and maintenance of irrigation systems (possibly using food-/cash-for-work).

Market supplies can be increased and stabilized through:

- Market information;
- Strengthened linkages between Palestinian and Israeli/International traders;
- Spare parts to enable repairs/maintenance of equipment (e.g. cold chain, storage);
- Credit provided in times of low consumers' demand (e.g. in cases of delayed salary payment or restriction of cash entry).

Target groups for these interventions include farmers, herders, fishermen and traders. Priority should be given to those most affected by conflict-related events (including intensification of mobility restrictions), climatic events, and economic shocks (e.g. increased prices of inputs). See Section 6.2 for more on targeting.

#### **6.1.2 – Interventions to improve economic access to food and livelihoods**

Households' capacity to purchase food can be strengthened through:

Economic support through food and cash transfers:

Cash and vouchers are appropriate in a context where food is generally available on markets, markets are competitive and well integrated (such as in the West Bank) but people lack money to buy it and have high levels of debt. Despite cash being mentioned by Gazan households as their first priority need, cash transfers may be less suited to Gaza where the volumes of food supply cannot be guaranteed and cash inflows are also restricted.

Cash transfers also enable to address various livelihood needs beyond food only. However, as closures can tighten at any time and prevent the entry of sufficient food on the market, and as prices can change quickly if supplies are lower than demand, cash transfers or vouchers should probably be considered in combination with in-kind food distributions. The availability of food in-kind for distribution alongside cash, or in specific periods of time, will guarantee access to key food items in the event of decreased food supplies, rapid market price changes or other sudden household expenditures to meet other basic needs. Possible mechanisms include:

- cash grants: “seed money” to develop a private sector initiative; regular safety net for eligible households based on assessed needs and means;
- food/cash-for-work: for the unemployed and geared towards assets creation, repairs or maintenance (e.g. water pumps, sewage system, equipment, storage facilities, etc.);
- vouchers: to facilitate access to specific food items or to productive inputs;
- direct food distributions, especially for those unable to work.

Increased income through job creation:

- expansion of the activities already supported by UNRWA and some NGOs with a stronger asset creation focus;
- skills development: e.g. gardening, animal husbandry, ICT, health services, specialized activities in water, sanitation, construction etc; however, this requires access to and authorisation to enter raw material and cash (for the Gaza Strip in particular).

Support to income-generating activities and local businesses:

- credit and micro-finance schemes;
- advocacy to the Israeli authorities to authorise exit of perishable cash crops (e.g. strawberries and carnations) without undue delays at the border and provision of inputs, and monitoring of crossings and gate openings.

Improved social protection policy and strategy:

Better coordination among social safety nets providers within a realistic social protection policy and strategy should be achieved through:

- support to the formulation of the national social protection strategy;
- harmonization of social assistance modalities and packages.

Target groups for these interventions should be selected according to: (i) the degree of poverty and food insecurity (using proxy indicators, see Section 6.2); (ii) capacity to work; and (iii) assets available as a starting base (education level, professional skills, land, animals, infrastructures etc.).

### 6.1.3 – Interventions to enhance food consumption and nutritional status

The quality of the diet and nutritional status can be supported through:

Encouragement to the consumption of micro-nutrient rich foods:

- Communication (including Knowledge, Attitudes and Practices) and capacity building on nutrition issues, including at health facilities and at school; this activity can also be associated with social programmes (conditional transfers);
- Support to local production (including home gardens), processing and marketing of vegetables, fruits, poultry and dairy products, with expected improvements in food safety, availability and lower prices (see also section 6.1.1);
- Food vouchers to enable beneficiaries to access micronutrient-rich food (see also section 6.1.1);
- Micro-nutrient fortified food (including food aid) and through vouchers, and included in school meals;
- Advocacy to ensure sufficient supplies of cooking gas into the Gaza Strip<sup>188</sup>, so that food can be cooked properly.

- Support to adequate food consumption of school children, through school feeding:

Although typically the first objective of school feeding is to improve school attendance and learning capacities by avoiding short-term hunger, evidence of low attendance and of the existence and magnitude of short-term hunger is lacking for the oPt. However, continuous deterioration of economic access contributes to a diet which does not meet all the nutritional requirements of fast growing children. Furthermore, households' economic difficulties may increase withdrawals of children from school and hence raise the value of a school meal incentive:

- the provision of a school meal or snack can support the consumption of healthy and micronutrient-rich food;
- a school snack or meal can also provide an economic transfer to households;
- the preparation of school meals or snacks can be delegated to women's groups responsible for the preparation (as currently done by WFP) and local bakeries, thus offering an opportunity of employment and income generation for households of these women and support to the local economy.

Protection against diseases:

- Increase amounts and quality of water for domestic usage through:

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<sup>188</sup> Cooking gas was the 2<sup>nd</sup> priority need mentioned by Gazan households after cash, in the 2009 Socio-Economic and Food Security survey.

- repair and maintenance systems for water supply facilities for drinking and hygiene purposes (possibly through food-/cash-for-work);
- improved management: optimization of water collection processes (e.g. tanks, cisterns, rainwater), minimization of water losses and enhanced distribution;
- Ensure food safety through:
  - support to the development of a food safety policy and standards, and mechanisms to apply them;
  - awareness raising and capacity building of producers, traders and controllers.

Target groups include: (i) vulnerable household members and their care-takers (young children, pregnant or lactating mothers, the elderly, the chronically sick); and (ii) households located in neighbourhoods or villages with least access to adequate water and health facilities. See Section 6.2 below.

## 6.2 – Targeting

Targeting in the oPt is complicated by the overlay of protracted and acute crises spurred by Israeli military actions, intra-Palestinian violence and underlying poverty. A mix of relief, recovery and longer-term assistance is clearly needed but not feasible in practice as long as restrictions on the movement of persons and goods (both Palestinian and foreign) are not lifted. On the other hand, some tailoring of the type of assistance is necessary to avoid duplications and respond as best as possible to priority needs, particularly of the most vulnerable groups (children, women, disabled, elderly, those lacking a wage-earner etc.).

### 6.2.1 - Targeting criteria

A review of WFP performance with regards to targeting<sup>189</sup> under various programme modalities in the West Bank (Assistance to the Destitute, Assistance to Vulnerable Groups, Food-for-Work, Food-for-Training, Life Skills and School Feeding) showed a high level of effectiveness as measured by very low levels of inclusion errors across the different mandatory exclusion criteria: non-poor (4% inclusion error), head of household employed by PA or NGO (5% inclusion error if the actual poverty level is also considered), or refugee (8% inclusion error without considering the actual poverty level)<sup>190</sup>. Almost 90% of WFP beneficiaries were found to be living in deep poverty.

However, the review also recommended a clearer match between the various programmes and the needs of the target groups in their different geographical locations below the district/governorate level (community). The main targeting recommendations for the various WFP programmes in the West Bank are summarized in Box 17.

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<sup>189</sup> Madi A.S., Hassan H.A., Ghosh O.A., Sarsour S., August 2009 – Report of the Review of Targeting Under WFP’s PRRO 10387.1 in the West Bank. World Food Programme.

<sup>190</sup> The review noted, however, that households that have a member who is a registered refugee but do not receive UNRWA assistance are very much in need. WFP’s efforts to coordinate with UNRWA for the inclusion of these households under the PRRO were thus important until a workable solution can be found.



#### **Box 17 – Recommendations for targeting for the various WFP programmes in the West Bank**

##### Assistance to Destitute

- Better align the targeting approach and criteria with those used under the World Bank-funded Social Safety Net Reform Project, moving from the current status-based selection (households without breadwinners, women-headed or elderly headed households, and households with disabled and chronically ill members) to poverty-based selection using the Proxy Means Test formula.

##### Food-for-Work (FFW) and Food-for-Training (FFT)

- Better identify geographical areas and activities through which FFW/FFT can effectively deliver the planned results (e.g. improve livelihoods by creating productive agricultural assets or training), so as to select households who are truly likely to use these assets (close to self-targeting);
- Allow eligibility of households with less than 6 members.

##### Assistance to Vulnerable Groups

- Bring targeting criteria more in line with those developed under the World Bank-funded Social Safety Net Reform Project, but raise the targeting cut-off points to allow assistance to reach non-destitute households (non-destitute poor, with high dependency ratio and irregular employment);
- Alternatively, target households whose heads and other working-age members have been chronically unemployed and/or known to have a monthly per capita income lower than the relative poverty line.

The WFP targeting review and recommendations confirm that targeting procedures must take into account the various immediate and underlying causes of food insecurity and different population groups most affected by each. For instance:

- farmers and livestock herders are affected by climatic shocks as well as conflict-related restrictions to access their land and procure irrigation water and inputs;
- fishermen are losing sources of food and income due to restrictions on access to the sea and water contamination;
- wage labourers in agriculture and fisheries are in turn affected when farmers, owners of fishing boats and agricultural and fishing factories cannot afford to hire them;
- PNA employees in the lower salary scales do not have the savings that would enable them to buffer delays or restrictions in the amount of cash they receive;
- individual members in these various households who present special nutritional and health care needs are at risk of malnutrition and sickness due to the combination of inadequate diet, consumption of contaminated water, lack of hygiene and inability to get proper treatment.

Furthermore, targeting criteria and procedures must be flexible enough to accommodate new types of vulnerable groups that may arise due to constant changes in the nature of the conflict (e.g. mobility restrictions affecting different areas of the territories, sudden closures) and unexpected events such as rain failure, crop pests, animal diseases, or economic shocks. A proper monitoring system (see Section 6.3) is needed to capture changing needs over time and an agile way to modify beneficiary lists should be worked out in order to avoid under-coverage and minimize exclusion errors. A systematic process could be established whereby agencies involved in food security interventions and their implementing partners review target criteria and beneficiary lists, for example on a quarterly basis or another set frequency.

In line with the conclusions of the WFP targeting review in the West Bank, a combination of geographical, social means, food consumption outcomes, vulnerability and self-targeting criteria best enables to select the target groups (households, individuals) for the various interventions. This approach is already followed by WFP to select priority areas but improvements can be made in the selection of beneficiaries at local level (i.e. below the governorate), using different combinations of criteria according to the causes of food insecurity and population groups most affected. The various targeting criteria to be combined include:

- geographical targeting: e.g. refugee camps; coastal area in the Gaza Strip; Buffer Zone/Israeli border area, Area C and other areas subject to closures in the West Bank; main towns where displaced people move; and most deprived rural areas;

- socio-economic targeting: e.g. based on number of women, children and income-earning members, stability and expected level of income compared to the cost of a minimum food basket and to the cost of living and/or the Proxy Means Test formula<sup>191</sup>;
- food consumption: nutritional adequacy of the diet;
- physiologic vulnerability: e.g. under-5 children, school-age children; the elderly, pregnant and lactating women, the chronically sick;
- self-targeting: self-enrolment in food- or cash-for-work programmes determined by the level of compensation offered.

The Proxy Means Test formula shows promise to identify the poorest and most food insecure households using criteria as objective as possible (ownership and value of assets, household size, age of head of household, employment status etc.). However, the PMT does not take into account dynamic changes in the situation of households and may result in exclusions, such as when a household's assets are unusable (e.g. land that cannot be cultivated for lack of secure access) or when an employment is lost. It may be possible to "validate" the selection of beneficiaries and check the exclusion of other households by comparing the households' characteristics with the variables known to be associated with food insecurity, such as the large size of households and number of female and children members, gender of the head of household, location within the oPt (e.g. border areas or other areas facing difficulties due to the conflict), and food consumption patterns.

### 6.2.2 – Targeting modalities

Community-based targeting is a useful mechanism where it is possible to identify, or set up, local groups that are trusted by the population and the agencies. This procedure was evaluated by the WFP review of targeting as being generally successful. However, for some of the criteria listed above, a dedicated household survey is probably necessary, such as to ascertain social means, food consumption levels, and establish the presence of vulnerable members. A standard verification process once beneficiary lists are finalized should also be systematically implemented.

A number of NGOs, such as PARC (local) and CARE (international) include activities specifically geared towards the establishment or strengthening of community-based organizations (CBOs), including cooperatives, women or farmer groups. Most of their activities are implemented through these CBOs, contributing to: (i) local capacity building in agricultural and income-generation activities and, ultimately, greater possibilities of self-sustainability; (ii) stronger ownership of the activities; and (iii) economies of scale in terms of reaching households (one CBO can reach several tens or hundreds of households). Large agencies such as WFP may not be able to dedicate the amount of time on the ground and efforts necessary at community level to identify CBO members, set up CBOs and strengthen their capacities to produce food or to generate income. However, there may be scope to link up with NGOs to identify possibilities of involvement of existing CBOs in WFP programmes (e.g. for local procurement).

Alternatively, large agencies may consider to (re)-focus on programmes that do not require such an intensive community-level engagement and target groups that do not, or cannot, participate in CBO-led activities, such as households in rural areas with no capacities for agriculture, or households in urban areas with no capacities to engage into income-generation activities.

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<sup>191</sup> The Proxy Means Test formula estimates income on the basis of 17 proxy indicators for poverty, which were derived from an analysis of the Palestinian Expenditure and Consumption Survey (PECS) data. It was developed by the Palestinian Bureau of Statistics, Ministry of Social Affairs and the World Bank.

## 6.3 - Monitoring

### 6.3.1 – Monitoring of livelihoods and food security

#### Socio-Economic and Food Security semester household survey

The coordinated efforts of WFP and FAO and their partnership with the Palestinian Central Bureau of Statistics (PCBS) have contributed to major improvements in the understanding and monitoring of food insecurity in the oPt. The Socio-Economic and Food Security Monitoring System (SEFSec) was established in 2008 by FAO and WFP in collaboration with PCBS, in recognition of the fact that regular updated information on the socio-economic and food security situation of the oPt population was lacking. This became especially important with the dramatic socio-economic changes occurring in the past few years. The SEFSec is complementing yearly Palestinian Expenditure and Consumption Surveys which only cover a small sample of households and take some time to produce results. The SEFSec on the other hand covers a large random sample of households to enable disaggregation at relevant levels of analysis (sex, age, refugee status, livelihood group, locality). Information collected at household level includes:

- food sources, food expenditures and food consumption;
- income and expenditures;
- socio-economic characteristics;
- coping mechanisms;
- assistance received;
- resilience capacity (access to services, assets ownership, resilience to shocks).

The data enable to: (i) determine the prevalence and severity of food insecurity; (ii) profile food security groups; and (iii) calculate the 'Proxy Means Testing' used for beneficiary targeting by the Ministry of Social Affairs and UNRWA. The survey is meant to be repeated at least annually. Progressive institutionalization should enable PCBS to take full responsibility for the SEFSec in future.

The establishment of a national Food Security and Safety Council should also permit stronger linkages with decision-making and responses<sup>192</sup>. Indeed, the SEFSec effort should be linked to a multi-stakeholder platform responsible for the implementation of the socio-economic and food security component of a social protection policy and strategy.

#### Monitoring of aid beneficiaries and rapid assessments

Besides the above semester large-scale household survey, a more systematic follow-up of aid beneficiaries should be established in order to:

- ascertain the impact of aid on the food security situation and livelihoods of beneficiaries;
- fine-tune the aid packages accordingly;
- adjust the beneficiary caseload by graduating out of assistance those whose situation has improved in a sustainable manner, and including new ones whose situation has unexpectedly worsened.

Agencies should be able to quickly check the food security situation of households who are affected by shocks at any time of the year, such as tightening of, or prolonged restrictions of movements or other measures that prevent access to key resources (labour, land, cash), crop failure, animal diseases etc. A rapid assessment mechanism would enable to determine whether these households are eligible for assistance and for how long, or whether the assistance they already receive need to be increased.

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<sup>192</sup> FAO & WFP, August 2009 – Socio-Economic and Food Security Survey Report, West Bank.

Because of the complex mix of Israel-Palestinian, intra-Palestinian and social violence, a thorough and continuously updated political and economic analysis is also necessary to identify the stakeholders, their interests and their influence on aid delivery and impact. Monitoring systems should thus go beyond technical sectoral issues (including food security) and incorporate political and social dimensions.

#### Programmes and projects monitoring and evaluation

All food and non-food assistance programmes and projects should have embedded monitoring and evaluation mechanisms. This includes post-distribution monitoring as well as the systematic monitoring of social safety net programmes both from the beneficiaries' side (including targeting criteria) and from the service providers' side.

### **6.3.2 – Market monitoring**

Despite the fact that food availability per se is not the most critical issue presently in the oPt, with the exception of some items in the Gaza Strip, both the supply of food and physical access to markets by the population remain highly sensitive to Israeli's restriction measures. It is thus indispensable to monitor key market parameters to ascertain the extent to which food supplies remains available and physically and economically accessible to Palestinian households. Key indicators should be followed up on a monthly basis at oPt and international levels<sup>193</sup>:

- Indicators to disaggregate at territory (West Bank, Gaza Strip) and at urban/rural/refugee camp levels for some indicators:
  - Consumer Price Index, Food Price Index and Transport Price Index;
  - Producer Price Index for agriculture (West Bank and Gaza Strip) and fisheries (Gaza Strip);
  - type and volume of trade (especially staple food items) in West Bank main markets (Beita, Hebron, Jericho) and in Gaza Strip local markets;
  - availability and price of diesel in the Gaza Strip;
  - tunnel trade performance in the Gaza Strip (volumes, types of food and non-food items).
  
- Indicators at oPt and international levels:
  - international prices of basic food (wheat grain and flour, rice, sugar, vegetable oil, pulses);
  - levels of operational efficiency of border commercial crossings;
  - exchange rates against NIS (US dollar, Jordanian Dinar, Egyptian Pound).

A mathematical model has also been developed to predict the evolution of food prices in both the West Bank and the Gaza Strip based on variations at international level captured through the FAO Global Food Index (see Box 18). This model can be useful to anticipate changes of food prices in the oPt from changes occurred internationally 6 months before.

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<sup>193</sup> Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.

#### **Box 18 – Model of prediction of oPt Food Consumer Price Index**

The model was developed to forecast future values of the West Bank and Gaza Strip Food Consumer Price Index using current values of the FAO Global Food Index. It indicates that it takes 6 months before changes in international food prices get fully reflected on local food prices in the oPt.

West Bank model:

Food CPI = 60.22 + 408 x (FAO Global Food Index -6)

Gaza Strip model:

Food CPI = 47.01 + 546 x (FAO Global Food Index -6)

*Source: Madi A.S., Abu Hassan H., Al-Ghool N., Abu Ghosh O., October 2009 – The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetable and Fruits Markets in the oPt. Market Survey Findings. Draft. Al-Sahel Co. for Institutional Development and Communications.*

#### **6.3.3 – Nutritional status**

Although wasting rates have remained low despite increasing economic difficulties, acute malnutrition can rise quickly if food intake decreases and/or if the water, sanitation and health conditions deteriorate. This could happen if closures repeatedly limit access to humanitarian assistance, including food. Regular monitoring of wasting rates remains thus important, particularly in the areas most subject to closures. A system of sentinel sites or cross-sectional surveys each 4-6 months (taking due account of possible seasonal effects) or after a period of prolonged closure, could be envisaged.

Furthermore, stunting rates, reflecting long term under-nutrition, are on the rise and also deserve monitoring, though less frequently than wasting (once a year). Persistently increasing chronic under-nutrition should alert on the cumulative negative effects of inadequate food intake probably combined with frequent infections linked to deteriorating access to water, sanitation and health care.

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